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ZERO HOUR

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Policies of the Powers

by

RICHARD FREUND

With Two Maps

THIRD EDITION, REVISED



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PREFACE TO THE THIRD EDITION

THE BRITISH FIVE-YEAR PLAN for the increase of naval, military and air forces at a cost of £1,500,000 has had a steadyng effect on the international situation, especially as it was accompanied by responsible statements asserting that Great Britain would not remain indifferent to disturbances of the peace in any part of the world. The first result of these events has been a *relative* decline in the military strength of Germany, which had already begun as a result of the increase in the armaments of France, Poland, the South-Eastern countries, and Soviet Russia. The panic which spread when all Europe was caught unawares by the sudden emergence of Germany as a military power has passed. The balance has been further restored by the consolidation of M. Blum's Government in France, and by the renewed interest of the United States in European affairs.

On the other hand, German collaboration with Italy, which began in July, 1936 with the agreement over Austria, has made progress. The extent and intimacy of the Italo-German partnership, however, should not be exaggerated. The two powers are making use of each other to further their respective aims; but Italy is chary of committing herself too deeply to Germany, because in such an alliance she could only be the junior partner and would, in the Mediterranean, be faced with an overwhelming Franco-British coalition. So far the foreign policy of Italy has remained even more uncommitted than that of Germany.

The Spanish Civil War is still raging with varying fortunes. The fact that Germany and Italy are heavily engaged on one side, with France and Russia supporting the other, has involved the danger of a hostile alignment of the two groups of powers. The studied neutrality of Britain, largely pro-

moted by the dilemma of the British people over what Mr. G. E. M. Joad has called "the choice between an explicit threat to their empire and an implicit threat to their incomes," has prevented a major split. But Spain remains the testing-ground, not only for the war materials and political ideologies, but for the national policies of several great powers. On the result of the test much will depend for Europe. Already the fact that Germany and Italy have met with unexpectedly strong resistance, and have even suffered heavy reverses, in Spain, has sensibly diminished their taste for adventure elsewhere. Moreover, some of the German aeroplanes used in Spain have proved inferior to the Russian machines, and I am assured by a British aviation expert that it will take Germany nearly two years to revise engine designs, complete tests, and produce adequate numbers of the improved models. If this estimate is correct, the time-lag of two years may well find expression in a more cautious German policy.

A German diplomatic offensive in favour of the return of the former German colonies has been heavily rebuffed by Britain, leaving Anglo-German relations rather less friendly than they were.

Belgium has withdrawn from her obligations under the Locarno Pact. By a new agreement with Britain and France she has been assured of protection by these two powers, while she herself reserves the right to remain neutral in the event of war. The change strengthens Germany by forcing France to protect her flank against Belgium.

Other changes which have occurred in several parts of Europe, in India, Japan, the United States and the Soviet Union are recorded in footnotes at the end of the relevant chapters. The section on Sinkiang has been altered on the strength of more reliable information. Throughout the book facts have been brought up to date as far as it was possible without disturbing the main lines of the story.

The British Empire has weathered an unexpected storm. The abdication of Edward VIII in December, 1936, put the cohesion of the Commonwealth to the gravest test it has faced since 1914. Although law and political machinery were

discovered to be sadly inadequate to produce united action by all the Commonwealth Governments, such action was in fact secured without a hitch. Even the Irish Free State came quickly into line, though it took the opportunity to restrict still further the status of the Imperial Crown in relation to Free State affairs. Whether the Crown will fully recover its former prestige after the severe shock of King Edward's abdication cannot be foreseen. But it is reassuring to note that King George VI has begun his reign quietly, cautiously and without any attempt to force the growth of loyalty. The fact that he recalled to the Palace some of the old advisers whom King Edward had removed will help to restore confidence in the Dominions.

In conclusion, I feel that an explanation is required for the opening sentence of the book, and indeed for the whole of the first chapter which, I confess, was written after the rest of the book had been completed. Some reviewers, and presumably many readers, have taken the statement "War is near" to mean that I regard war as inevitable. I do not. What I do mean is best explained by an historical parallel: In 1908 Asquith told Balfour that he had "never known Europe nearer war." For the rest, I hope that the book itself will warn the reader never to jump at conclusions in matters of international affairs: never to assume that international relations are drawn in the black and white of permanent "fronts", alliances and antagonisms: never to forget that history is changing even while we look on.

R.F.

LONDON, MAY, 1937.

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From Drawings by Richard Cribb

CHAPTER I

ZERO HOUR

WAR IS NEAR. With every new crisis in international relations the area of disturbance grows wider, distrust sinks deeper, confidence becomes more difficult to restore. The Italo-Abyssinian war, the re-occupation of the Rhineland, the Spanish civil war came near to causing a general conflagration. The next flash may be the signal. It is Zero Hour.

The safeguards of peace have broken down. Gone is the war-weariness which for some fifteen years after the Armistice restrained national aspirations. The attempt at general disarmament has given place to a general armament race. The peace treaties have been riddled with violations; regional security pacts such as the Locarno and Washington treaties are no more; world-wide pledges to abstain from war have been broken by more than one power. The League of Nations no longer inspires the peaceable with confidence nor the ambitious with awe.

Economic nationalism, arising out of political dissensions and aggravated by the financial crisis, has led, in a number of countries, to an almost unbearable lowering of the standard of living. Governments are constantly tempted to escape internal trouble by creating external diversions.

So swift has been the disintegration of the peace structure set up after the world war, and so bewildering is the resulting chaos, that any attempt to form a new international order is defeated from the beginning by the complexity of the task. In the absence of a recognized international code of conduct each power is proposing solutions unacceptable to others. Both national policies and international groupings are constantly changing. The world is held together by an uneasy truce liable to collapse at any moment. And if war breaks

out anywhere, the chances are that it will become worldwide.

Peace is indivisible. Should Germany, for example, attack Czechoslovakia, France and Soviet Russia are pledged to intervene. Once Russia is involved in a western war, Japan will be tempted to attack her in the East. And if France is in danger of being defeated by Germany, Great Britain, for all her desire to stand aloof, may yet be compelled to come to her aid in order to avert a German approach to the Channel coast. Not a single state in eastern Europe would be able to keep out of the war, and Italy would almost certainly wade in to broaden her position in the Mediterranean and the Balkans. No matter where the first spark flies, the blaze could not be confined.

There are three obvious centres of unrest: Germany, Italy, and Japan. All of them are poor, ambitious, and ruled by autocratic régimes. They are convinced that they deserve a larger share of the world's riches than they possess at present. Each has a quickly growing population too large to be sustained, in the absence of free international trade, by the available national resources. Germany is striving to recover her lost lands and colonies—or at least, to recover her pre-war position as the leading power in Europe. Italy has conquered Abyssinia and wants to gain supremacy in the Mediterranean. Japan is carving out an Empire by successive encroachments on China and aspires to full control of "East Asia". Once the urge for expansion, the lust for greatness is awakened, there is no knowing where it might stop. The aims of the three "restless" countries have long outstripped both their legitimate grievances and their economic needs.

While the offensive of the expanding powers is gathering force, the powers who desire to preserve what they can of the present international structure are disabled by dissensions. The United States has withdrawn into her shell, unwilling to extend the powerful help she might give both in the political and the economic field. In Europe, France and England are constantly getting into each other's way in their efforts to rebuild the foundations of peace. France, absorbed by fear

and distrust of Germany, puts her faith in pacts and alliances which, in tightening the pressure on Germany, increase the danger of explosion. Britain, determined to prevent a division of Europe, on the pre-War model, into a German and an anti-German camp, is inclined to trust Germany and to admit her need for greater freedom of movement. Again, France is desperately holding on to her position in eastern and south-eastern Europe, which she values both as a safeguard against German designs on her and as the basis of her leading position on the Continent as a whole. Britain, on the other hand, would willingly allow Germany to gain prominent, even controlling, influence in the East and South-East of Europe ; hoping that this diversion would relieve Germany's "prison complex" and ease the European tension. Moreover, France is willing to support Italy in return for Italian support against Germany ; while Britain, both for national and international reasons, would restrain Italian aggressive designs.

It is this fundamental disagreement between France and England which has prevented the formation of a durable new order in Europe ever since the Great War. It is this disagreement which has caused the downfall of the League. It is this disagreement, finally, which is foiling the present effort to create a new order out of the European chaos. Europe is now reduced to a plain struggle between France and Germany. France has strengthened the floodgates by alliances ; but it is too late to hem in Germany, just as it is too late to outstare Italy or to placate Japan by soothing words. Perhaps it is even too late for a constructive effort to bring Germany back into the League and to adjust the European balance. Assuming that Britain could bring herself to make such an effort—so far she has done little beyond propitiating the raging passions by gestures of mediation—she is more than likely to find France inflexibly obstructive.

Similar dissensions are crippling every effort to restore the shaken balance in the Far East, where Japan steadily enlarges her Empire, while Anglo-American co-operation is made difficult by mutual distrust, and Soviet Russia is feared by all.

If War is to be averted, means must be found to ease the internal tension in Germany, Italy, and Japan by broadening

their export markets and making substantial sacrifices to their *amour propre*. Yet these conditions are most unlikely to be fulfilled. After the collapse of the idealistic effort to create something like a world conscience in the form of the League, there is nothing left but national egoism. Not a single nation is prepared to-day to risk money or security, far less to surrender possessions, markets or interests, for the sake of forestalling an international eruption. The forces of peace are paralysed. The forces of war are inexorable.

It is fashionable to disguise national policies as campaigns for political principles. Nazi Germany, struggling against a Franco-Russian coalition, pretends to crusade against Bolshevism. This happens to suit Italy, which is equally interested in breaking down the Franco-Russian link. The German-Japanese agreement of November 1936, obviously based on a common interest in checkmating Russia, was again conveniently termed a pact against Communism. German designs on Czechoslovakia are promoted under the pretext of that country's connection with the evil spirit of Bolshevism.

This game of make-believe has gained tragic reality in the Spanish civil war. Italy and Germany wish to set up a Spanish government subservient to them—Italy in order to extend her naval influence to the Balearic Islands and Spanish Morocco; Germany in order to gain a foothold in Spanish West Africa and the Canary Islands; and both in order to weaken France. The Soviet government has been forced by the resurgence of communist missionarism to support the Spanish "Left". There is some danger that the gamblers may overreach themselves. But barring accidents, international relations will continue to be determined by national interests. As soon as the pretext of a "holy war" has outlived its usefulness, the powers concerned will choose new friends and enemies, unrestrained by any political doctrine.

We turn now to a more detailed study of the basic interests and policies which both unite and divide the nations, following the volcanic belt from Central Europe through the Mediterranean to the Far East, to examine both the aims of the three eruptive powers and the reactions of those who have been forced back on the defensive.

CHAPTER II

THE GERMAN VISION

Preliminaries

FOR TEN YEARS after the War—more precisely, up to the death of Dr. Stresemann in October 1929—Germany followed a genuine policy of peace. There was wide popular support for the foreign policy pursued by Dr. Stresemann, a statesman of Bismarckian calibre, who realized that the best interests of the German nation were served by a firm understanding with France and Britain, and co-operation with the countries east of Germany. At that period the immediate aim was to get rid of the Rhineland occupation, of allied control of German armaments and finance and a number of similar inhibitions. On the whole, the Germans accepted their military inferiority, hoping that other countries would disarm. In the Treaty of Locarno, Dr. Stresemann voluntarily confirmed vital provisions of the Versailles settlement: the permanent renunciation of Alsace-Lorraine and the one-sided de-militarization of the Rhineland.

At the same time, Germany insisted on her right to the ultimate revision of her eastern frontiers, and to the union with Austria. In the East, Germany wanted, briefly, to regain Danzig and Memel, two undoubtedly German ports which had been alienated from the Reich purely for the convenience of Poland and Lithuania. Germany also wished to recover the territory called the “Polish Corridor”—a more doubtful claim in point of ethnological justice, but based on the plausible argument that the Corridor separates an important German province, East Prussia, from the Reich.

^ In addition, a change was desired in the German-Polish

frontier in Upper Silesia. This frontier had been drawn partly in recognition of an accomplished fact established by Polish insurgents; it left the greater part of the immense Silesian coalfield to Poland, and in many cases cut across individual mines and industrial works.

In September 1925, Dr. Stresemann wrote a letter to the German ex-Crown Prince which has since become the centre of lively controversy.

"In my opinion," wrote Dr. Stresemann, "the foreign policy of Germany has in the immediate future three great aims:

"First, the solution of the Rhine problem in a manner favourable to Germany, and thus an assurance for Germany to be able to live in peace, without which she will not be able to recover her strength.

"Secondly, the protection of the 10,000,000 to 12,000,000 Germans who now live abroad under a foreign yoke.

"Thirdly, the rectification of our eastern frontiers, the recovery of Danzig and of the Polish Corridor, and the alteration of the Upper Silesian boundary. In a more distant future, the attachment of Austria to Germany. . . .

"If we wish to attain these ends, we must direct our efforts towards them. Hence the Security Pact [Locarno], which will assure us peace because our western frontier will in future be guaranteed by England and possibly also by Italy."

Until the untimely death of Dr. Stresemann in 1929, these aspirations were subordinated to a pacific policy. Germany hoped to gain her objectives by negotiation and adjustment rather than by force. She was prepared to wait until Franco-German hostility had given way to a genuine understanding, and until international confidence had been sufficiently restored to permit an attempt at revision by agreement.

In any case, the sacrifices which Germany demanded of Europe were insignificant compared with the boon which

she offered: a permanent abandonment of the pre-War policy of German expansion both in Europe and overseas.

During the last years of his life, Dr. Stresmann had to defend his policy against increasing opposition from the nationalist section of the German public. Economic distress, and an increasing feeling that persuasion was not producing results, gave power to the tide of nationalism. A sense of frustration spread like a mass hysteria, and the policy of "fulfilment of treaty obligations" came in for ever stronger criticism. Though the real turning point of German popular feeling had been the Franco-Belgian invasion of the Ruhr and the simultaneous attempt to set up a separate buffer state in the Rhineland, it was only towards the end of the twenties that the mood of defiance became general. There was no sign of voluntary disarmament among the other powers. The League, dominated by France, offered no hope of peaceful revision of the Versailles settlement. Huge sums were being paid out month after month on account of reparations, while millions of Germans were unemployed. "First bread, then reparations" became the battle-cry of the nationalists.

Dr. Stresemann actually died prematurely as a result of his exertions in a tremendous parliamentary battle against the nationalist forces which had invaded his own party. His death removed the last hope of German acquiescence in the fundamental position created by the World War.

There followed three years of interregnum, while the nation was swept from end to end by militant nationalism. At the close of that period the determination to rise above the position resulting from defeat had become the common platform of all parties, from the Nazis to the Communists. On the crest of that wave of nationalist fury, Herr Hitler sailed into power in January 1933.

The German Revival

Germany has since re-established herself as a diplomatic and military power of the first rank. A brief sketch of the stages of her revival may usefully precede the discussion of her present plans.

- ✓ Quite soon after the War it became evident that Germany was not so completely defeated as to renounce forever her claim to a prominent place in Europe. The first sign was the conclusion of the German-Russian treaty of Rapallo in 1921. From that time onwards Germany, making skilful use of the incessant quarrels between France and England, gradually undermined and finally broke through the "iron ring" of new or enlarged states which, allied to France, closed in on the eastern and south-eastern German frontiers.
- ✓ She won the support of Italy in a diplomatic campaign for the revision of the peace treaties. She established friendly relations with Austria, Hungary, and Bulgaria to offset the weight of France's allies: Poland, Czechoslovakia, Yugoslavia, Rumania. German relations with Russia became intimate. The sympathy, and at length the strong support, of British public opinion was gained by patient efforts. At Geneva, Germany came to play a prominent part.
- ✓ When in 1933 Adolf Hitler assumed power, the ring seemed at first to be closing once more. The small nations of the Continent hurried in panic fear into the shelter of French protection. Soviet Russia was estranged by the Nazi creed, and even more by Herr Hitler's professed intention to conquer Soviet territory. England, alienated by the persecution of Jews, Liberals, and Socialists, drew closer to France than she had done since the War. Italy, shocked by German designs on Austria, closed ranks with France and England.
- ✓ But this phase did not last. Poland, neglected by her French ally, was the first to make separate terms with Germany. The Little Entente weakened, and Yugoslavia, more afraid of Italian than of German designs, turned a willing ear to German appeals when France made friends with Italy. Making use of her large requirements of food-stuffs and raw materials, Germany gained commercial predominance in Danubian and Balkan Europe. Austria, precariously held in place by Italy, was at last compelled to make her peace with the Reich. Italy herself, for reasons of her own, offered Germany a diplomatic collaboration which may yet develop into a closer understanding. Great Britain

responded once more to German appeals for her friendship and ceased to support France in restraining Germany.

Germany had broken the ring.

At the same time, Germany has become a great military power. She has formed a standing army of over 600,000 men recruited by universal conscription. She is fast creating an immense reserve of trained men. Under a dictatorship which has made rearmament its first concern the whole German nation is being drilled for military service and educated in a spirit of unquestioning sacrifice to the State. The armament industries, powerfully enlarged at the expense of normal trade and industry, are turning out huge quantities of military equipment. A German air force superior in size, though not yet in quality, to that of England has been built. The demilitarized Rhineland zone, the weakest spot in the German armour, has been reoccupied and is being fortified. A network of strategic roads has been constructed to allow for the swift mobilization of a highly mechanized army. Great reserves of foodstuffs and industrial raw materials are being laid in, the nation acquiescing in the dictum of its leaders that it ought to delight in going temporarily without butter, eggs, potatoes, and woollen cloth for the sake of rearmament.

At sea, Germany has built a large modern navy which gives her command of the Baltic, substantial power in the North Sea, and a chance of displaying her strength—as the Spanish crisis has shown—on the high seas. She has concluded a naval agreement with England which allows her to build up to 35 per cent. of the total British tonnage—a limit which she is likely to reach within a year or two. Her North Sea coast, with the naval outpost of Heligoland and the coastal islands, is being fortified.

The German revival is complete. The fetters of the Versailles Treaty, made for weaker wrists, have broken away like tinsel. Germany is no longer content to request the removal of specific grievances, of which few are left. Nor is she to be satisfied by mere *Gleichberechtigung*, or equality of rights, which she claimed for seventeen years, if that status implies the maintenance of the treaty structure itself. Her

present claim can best be described by the *mot* of an eminent English publicist? "Germany has set aside the Versailles Treaty. She has got rid of the Locarno Pact. Now she wants to go back on the Armistice."

Exactly. Germany, risen from the ashes of defeat, demands that the Law of 1919 be annulled, and a new Law established in Europe.

Hitler's Programme

In his book *Mein Kampf*, which was largely written in prison during 1924, Herr Hitler has laid down a programme of German policy which is still recognized as the foundation of the German design. It should be stressed from the beginning that the German Chancellor has since constantly disclaimed any intention of carrying out his programme by force; and it is not to be implied from the following summary that these assurances deserve no credit. The plan laid down in *Mein Kampf*, however, is easily discernible in the background of recent German activities, and there can be no doubt that it represents a crystallization of German desires for the future. As such, the book is frequently referred to by Germans as their "political Bible"; it has reached a sale of some 2,500,000 copies in Germany alone, where every civil servant is practically compelled to buy it, while employers are enjoined to present a copy to each of their employees and local authorities to give one to every newly married couple. Foreign friends of Germany who pleaded with Herr Hitler to expunge some of the most provocative passages from the book have invariably met with refusal. We may fairly conclude, therefore, that the main scheme outlined in *Mein Kampf* will remain the guiding idea of Germany's foreign policy as long as the present régime lasts.

The design is somewhat as follows. The German nation must first unite in spirit and organization. Those sections of the people which are given to a pacifist and international outlook—Jews, "Marxists," Liberals and so on—must be eliminated, converted, or deprived of all influence. The Reich must become a centralized State in which the former

federal states should no longer be able to interfere with the direct rule of the central Government. Backed by a common national will, which finds expression through a single party and an authoritarian Government, Germany must then become the strongest military power on the Continent.

✓ Next, Germany must seek friendship, and if possible alliance, with England, in order to break up the Anglo-French front, to ensure British neutrality in the event of a war between Germany and France, and to be free to pursue an Eastern policy of expansion. ^{Frei.}

For the friendship of England, Herr Hitler is ready to pay the price of abandoning all ambitions of sea-power and colonies. This view came to be modified in 1935; but in his book he criticizes the German pre-War policy on the ground that it was bound to provoke British hostility.

"Germany should have pursued, instead, a sound territorial policy of acquiring further lands in Europe itself. For such a policy there was only one possible ally in Europe—England. England was the only power which could protect our rear, supposing that we started a new Germanic migration. . . . No sacrifice would have been too great in order to gain England's concurrence. It would have meant renunciation of colonies and importance at sea, and refraining from interference with British industry by our competition."

- Once British neutrality is assured, the predominant position of France in Europe must be smashed. The position which France gained as a result of the War is in itself a menace to Germany's future.

"We must be absolutely clear that France is the inexorable enemy of the German nation; the key to her foreign policy will always be the desire to possess the Rhine frontier, and to secure that river for herself by keeping Germany broken up and in ruins. England does not want Germany as a world power; France does not want Germany as a power at all—a very essential difference!"

There will be no future for Germany in Europe, Herr Hitler declares, until after another Franco-German war, which is to be fought, not for the sake of the Western frontier, but for the removal of the obstacles which prevent German expansion towards the East.

"I believe that there will be a good chance of success if we manage first to isolate France, so that the second struggle shall not be one of Germany against the world, but a defence of Germany against France, who is disturbing her peace and that of the world also.

"So long as the external conflict between Germany and France consists merely of defence against French aggression, it will never come to a decision, but century after century Germany will be driven from one position after another. Not until this is fully understood in Germany, so that the German nation's will to live is no longer wasted in passive defence, but is gathered together for a final settlement with France, shall we be able to bring the eternal and fruitless struggle with that country to a decision."

(3) In the east, Germany must break through the iron ring of France's allies, first by diplomacy and later, if necessary, by war. The first German aim must be to incorporate in the Reich both Austria and as many as possible of the 12 to 15 million people of German race who live in non-German states. "Common blood should belong to a common Reich." The south-east of Europe should fall under permanent German influence, both as an assured source of raw materials and as a steady market for German manufactures. To gain this objective, the friendship of Italy will have to be sought. Though Herr Hitler is not very definite about the military value of the Italians, he favours collaboration with the country akin to National Socialism in its ideas of government.

(4) Further north, the Polish Corridor, Upper Silesia, Danzig and Memel must be recovered, and the ancient Prussian tendency of eastern colonization revived.

"We start anew where we left off six centuries ago. We reverse the eternal Germanic migration to the South and West of Europe, and look eastward. In this way we bring to an end the colonial and trade policies of pre-War times, and pass over to the territorial policy of the future.

✓ "If we speak of new soil, we can but think first of Russia and her tributary border states."

5 ✓ Farther afield, Herr Hitler contemplated a dominant German influence over Russia as a whole. In his view, the organized Russian state existing before the revolution was the work not of the Slav race but of the ruling Germanic element. As this element had been wiped out in the massacre of the educated Russian class, a vacuum had resulted. It was temporarily filled by the Jews (read: Bolsheviks), who could not possibly keep control of the vast Empire for any length of time, as they lack all constructive ability.

"The immense Empire is ripe for collapse, and the end of Jewish domination will mean the end of Russia as a state."

East and West

Anyone familiar with the state of feeling in Germany at the time when *Mein Kampf* was written can guess pretty closely how the scheme arose in Adolf Hitler's mind. During the later stages of the War, young Germans fighting on the Russian front dreamed of remaining as settlers in the territories they had invaded as soldiers. After the Armistice volunteer corps continued to fight on their own against Bolsheviks, Poles, and anyone else who offered battle. Most of them fought, not for money or German national ends, but for land. When they returned, disappointed, the vision of settlement in the East remained with them. It was in the atmosphere of these volunteer corps that Herr Hitler began his activities as a politician, and many of his first supporters came from the ranks of these bodies. Thus an easy explana-

tion suggests itself for the scheme of eastern colonization outlined in *Mein Kampf*.

Herr Hitler had long been obsessed by the idea that race was the key to the mysteries of international politics. This doctrine had always been firmly established among the Germans along the Austrian frontier, whence Hitler came. A fierce anti-semitism was grafted upon the instinct of self-preservation which supported these border-people against the onrush of Slav races. The thought that the German race was destined to rule Slavs came natural to them. In Vienna and Munich Herr Hitler, living among students, artists and intellectuals, had imbibed the current fashion of romanticising peasant life and detesting modern urban civilization. The natural outcome of these convictions was that he envisaged the future greatness of Germany in terms of colonization of peasant land rather than of conquests in regions of higher civilization, or of overseas acquisitions.

When these ideas—widespread and fashionable at the time—took shape in Herr Hitler's receptive mind, he must have realized that they were favoured by one overwhelming argument. All western expansion seemed hopeless in face of the superior military strength of Britain and France, while the only great power in the East—Russia—was weak, unstable, and incapable of offering resistance to a determined attack. To a certain extent, Herr Hitler's scheme was undoubtedly determined by the strength of the West and the weakness of the East. He took the line of least resistance.

✓ But if the scheme had elements of opportunism, its general tendency was based on sound traditions of German foreign policy. Bismarck had realized that Germany must go either with Russia against England or with England against Russia. Until 1884 he had tried to follow the second policy. In that year Germany began the colonial and naval expansion which brought her into conflict with England. As long as Bismarck remained in control he had tried to offset the estrangement of England by closer co-operation with Russia. It was only when German foreign policy came under the influence of Kaiser Wilhelm that Germany managed to offend and alienate both England and Russia.:

There is thus a good precedent for the policy of friendship with England and hostility towards Russia. The same can be said for the ambition to control Austria and to dominate the South-East of Europe. This had also been one of Bismarck's ideas. Bismarck saw the great possibilities of a peaceful penetration of central, south-eastern and eastern Europe by German commerce and culture. It was after his dismissal that this policy became charged with expansionist ambitions, which led to the plan of a railway from Berlin to Baghdad and the dream of a "German India" in the Middle East. (The Pan-German movement before the War added to these schemes the ambition to absorb into a greater German Empire all peoples of Germanic race, including not only those in the Baltic provinces of Russia and the Germans of the Austro-Hungarian Empire, but the kindred Germanic peoples of the Low Countries and, ultimately, of Scandinavia. Such dreams are always lurking in the German mind, forming a reservoir from which now this, now that idea may be elevated to the position of a major policy.)

In considering the scheme laid down by Herr Hitler in his book, it is important to separate those ideas which are the product either of his own mind or of the feeling in the National Socialist movement from those which are "natural" German tendencies based on long tradition. For though Herr Hitler is the unquestioned Dictator of Germany, he is by no means in sole control of her foreign policy. It is well known that he has a strong dislike for taking decisions. He acts only in one of two circumstances: when his over-sensitive pride is hurt, or when he can no longer play off one set of advisers against another. German foreign policy has been confused and haphazard ever since Herr Hitler came to power. At times, the "activists" of the Nazi movement grow so insistent that the Leader is forced to take a leaf out of *Mein Kampf*. At other times, the moderating counsels of the army, of finance or diplomacy prevail, and the policy of *Mein Kampf* is reversed.

Nor can the possibility be overlooked that the Nazi movement might lose control of Germany. The chances are that Herr Hitler will hold on while he lives and unless Germany loses another war. But his health is poor; he lives on his

nerves, eats irregularly and takes no exercise. If he dies, the Nazi régime is doomed. The overpowering strength of the armed forces would prohibit any but a nationalist régime, and the surging anti-capitalist feeling of the masses would necessitate some form of dictatorship. In that case, German foreign policy would drop the fancies of Herr Hitler and confine itself to the traditional lines of German nationalism. How do the two schemes differ?

- Broadly speaking, the peculiar reserve of Herr Hitler and the Nazi movement is the idea of exclusive racialism and the dream of eastern colonization. Of traditional German trends, the scheme of *Mein Kampf* contains the claim to Austria and the plan of south-eastern pacific penetration, which at any moment might expand to a desire for German influence in the Middle East and the Mediterranean. The recovery of Danzig, Memel, the Polish Corridor and Upper Silesia are, of course, axioms of German policy. In the West, the idea of separating England and France will be retained whether or not Germany continues to desire the break-up of French predominance by war. But it should be noted that one of the most important reasons for seeking British friendship is hostility towards Russia. If ever the anti-Russian schemes are abandoned, either by Herr Hitler himself because he realizes that Russia has become too strong, or by his successors because they do not believe in eastern expansion, England's support will lose much of its value.

Echoes from the Past

An understanding of the traditions on which Germany's foreign policy rests may be assisted by a comparison of her present attitude with that prevailing at the beginning of the century. In 1907 Sir Eyre Crowe, then British Under-Secretary for Foreign Affairs, laid down his views on Germany in a Memorandum which has since been published in the third volume of the British Documents on the Origins of the War. We quote from Sir Eyre's analysis in order to show how Germany then appeared to an eminent and experienced British observer.

"No modern German," writes Sir Eyre Crowe, "would plead guilty to a mere lust of conquest for the sake of conquest. But the vague and undefined schemes of Teutonic expansion (*die Ausbreitung des deutschen Volktums*) are but the expression of the deeply rooted feeling that Germany has by the strength and purity of her national purpose, the fervour of her patriotism, the depth of her religious feeling, the high standard of competency and the perspicuous honesty of her administration, the successful pursuit of every branch of public and scientific activity and the elevated character of her philosophy, art and ethics, established for herself the right to assert the primacy of German national ideals. And as it is an axiom of her political faith that right, in order that it may prevail, must be backed by force, the transition is easy to the belief that the 'good German sword', which plays so large a part in patriotic speech, is there to solve any difficulties that may be in the way of establishing the reign of those ideals in a Germanized world."

At this point the crucial question arose whether Germany meant to pursue these aims by the peaceful method of spreading German culture and "competing for an intellectual and moral leadership of the world", or if, on the other hand, Germany meant to attain "greater relative pre-ponderance of material power, wider extent of territory, inviolable frontiers and supremacy at sea." It will be observed that this is the very question which is agitating Europe at the present time. Sir Eyre Crowe does not commit himself to a definite answer. He suggests that the protestations of the German statesmen may be perfectly honest and their indignation at the distrust of others justified; though he adds that even denials honestly made may be incapable of fulfilment.

"It might be suggested that the great German design is in reality no more than the expression of a vague, confused and impractical statesmanship, not fully realizing its own drift. A charitable critic might add, by way of explanation, that the well-known qualities of mind and temperament distinguishing for good or for evil the present Ruler of Germany [Kaiser Wilhelm II] may be largely responsible for the

erratic, domineering, and often frankly aggressive spirit which is recognizable at present in every branch of German public life, not merely in the region of foreign policy; . . . that, in fact, Germany does not really know what she is driving at, and that all her excursions and alarms, all her underhand intrigues do not contribute to the steady working out of a well conceived and relentlessly followed system of policy, because they do not really form part of any such system."

Confronting the possibilities that Germany is, either, consciously and planfully aspiring to "a general political hegemony and maritime ascendancy, threatening the independence of her neighbours and ultimately the existence of England"—or that Germany means merely to extend the scope of her national energies by legitimate means, "leaving it to an uncertain future to decide whether the occurrence of great changes in the world may not some day assign to Germany a larger share of direct political action," Sir Eyre adds a striking comment: "*It is clear that the second scheme (of semi-independent evolution, not entirely unaided by statecraft) may at any stage merge into the first, or conscious-design scheme. Moreover, if ever the evolution scheme should come to be realized, the position thereby accruing to Germany would obviously constitute as formidable a menace to the rest of the world as would be presented by any deliberate conquest of a similar position by 'malice aforethought'.*"

The similarities between the German policy thus depicted in 1907 and that of the present day are astounding. Once again Germany is ruled by a highly emotional, erratic, and ambitious autocrat who inspires his people with a mystic restlessness. Once again Germany is professing in her foreign policy aspirations which would be destructive if they were meant literally, but which may well be the expression of a vague dream of greatness "not fully realizing its own drift". Once again she is acquiring, in the pursuit of legitimate aims, a position which might at any time be used to challenge her neighbours to war. What are we to believe?

CHAPTER III

GERMANY IN EUROPE

Poland and Austria

THE AMBITIONS of a nation may be firmly crystallized in the minds of its leaders; the design of its future may be drawn with conviction and attempted with confidence; yet the idea, translated into action, may change its shape beyond recognition. History is made by action, reaction and circumstance. A policy is pursued, a course is set, to suit the aims of one country in predictable conditions. Obstacles arise, unforeseen in kind or unsuspected in strength. The navigator first trims his sails and tries to tack, yielding to opposing elements or using opportunities suddenly emerging. In the end, he may be compelled or tempted to alter the destination.

If change and ambiguity is the fate of a national policy backed by a clearly defined idea, how much more erratic must be a policy rooted in sentiment or opportunism? If the scheme of *Mein Kampf* were indeed a caprice rather than a clear-cut ambition, there might be some hope that the other powers, applying both tact and resolution, could turn Germany from the path of war. If the desire to crush France and to conquer Russia were no more than a chance thought inspired by romantic sentiment and temporary opportunities, it might be possible, however warily, to take the German Chancellor at his word when he declares that he will keep the peace if only justice is done to the legitimate grievances of Germany. Let us see whether the policy actually pursued by Germany under the Nazi régime offers any clue to this vital question.

Only in domestic affairs has the Dictator followed his

original plan to the letter. He has organized the German nation into a single unit, controlled by an all-powerful central authority; and this compact organism has been subordinated in every fibre of its being to the creation of a strong military machine. The preliminary condition for the campaign of conquest outlined in Herr Hitler's book has come near to fulfilment: Germany has re-established herself as one of the most powerful military nations in Europe.

In his foreign policy, however, Herr Hitler has not strictly followed his old plan. One of his first actions was to conclude a ten years' treaty of non-aggression with Poland. Herr Hitler did what he and the other nationalist leaders would never have permitted any former Government to do: he abandoned, at least for a decade, the idea of recovering the territory ceded to Poland after the War. It is notable that this act of renunciation was made in the face of the strongest sentiments of the German nation. The Dictator obviously is not compelled by popular emotions and national ambitions to follow a certain policy or to refrain from another.

There is however a reservation to be made. A section of the Nazi movement, probably including some of the Dictator's closest advisers, harbour the notion that, with Poland as an ally, it might be possible at a favourable moment to invade the Soviet Ukraine and to recapture Memel, rewarding Poland with the rest of Lithuania. As Poland would do anything rather than allow German troops to cross her territory—being convinced that they would never withdraw from the whole of it—no progress has been made with this scheme, and by now it has receded into the background.

At one time, Herr Hitler seems to have hoped to recompense a popular feeling outraged by the recognition of the eastern frontiers with an easy conquest of Austria. The attempt was made, but ended in failure. When, in July 1934, the Austrian Nazis, supported, instructed and financed by Germany, tried to gain power in Austria by a sudden revolt, Italy massed troops on the Austrian frontier and threatened to march in unless Germany ceased to

support the movement. Yielding to the threat of force, the German Government climbed down, hastily abandoning the whole scheme. No more was accomplished than the brutal murder of the Austrian Chancellor, Dr. Dollfuss. The revolt fizzled out, and the armed force of Austrian Nazi refugees, which had been assembled in Bavaria ready to march into Austria, was abruptly withdrawn.

After this defeat, Herr Hitler changed his tactics entirely. The support of the Austrian Nazis became fitful and diffident. The Austrian Government was offered freedom from molestation on condition that it raised the ban on the Nazi party and agreed to friendly co-operation with Berlin.

In July 1936 such an agreement was indeed concluded,⁵¹ though with important reservations on the Austrian side. The present German plan seems to be to promote the formation of a semi-Nazi Government in Vienna, which would willingly accept the guidance of Berlin in matters of common concern, while fully maintaining Austria's formal independence. Again, as in the case of Poland, this is no proof that Germany has abandoned her ultimate design. But the Austrian débâcle has at least shown that Herr Hitler is capable of appreciating realities.

Separating Britain from France

In the west, Herr Hitler's policy has come up against an even more formidable obstacle. His principal idea, as we have seen, was to separate Great Britain and France in order to face the latter single-handed. From the beginning the Nazi Government tried its utmost to win the sympathy of England. The effort has succeeded to a remarkable extent. It was British policy which undermined and foiled the attempt of France in 1933/34 to bring about a new encirclement of Germany. It was British policy which induced France to acquiesce passively in the successive German violations of the peace treaty. It was British finance which enabled Germany to tide over the exacting period of abnormal raw material imports needed for rapid rearmament and the campaign against unemployment.

The friendly attitude of many British organizations, newspapers and individuals was the only relief which Germany obtained during the darkest hours of her moral isolation in 1933/34, when all the world seemed to shrink from her touch as from a leper's. It is hard to overrate the measure of support which these friendly gestures brought to the Nazi Government during its first two years of office. Moreover, the political isolation of Germany was finally broken by the Anglo-German Naval Agreement of June 1935. For the first time, a German action violating the Treaty of Versailles was solemnly recognized by a contract of international law; for the first time post-War Germany had been accepted as a Great Power with the rights of a sovereign nation.

In a restricted sense, Germany did procure a semblance of British neutrality. In addition to the instances mentioned, there is an increasing tendency in England to withdraw support from the commitments of France in central and eastern Europe. The policy of Anglo-German friendship has thus produced solid results and promises to bear further fruit.

But it has failed so far in its real objective of separating England from France.

Germany has been compelled to realize that Great Britain cannot be shaken in her determination not to choose between, but to combine, an understanding with Germany and co-operation with France.

One of the gravest disappointments of the German Government was the British response to the denunciation of the Locarno Pact. For the first time, Mr. Baldwin's prophetic phrase that Britain's frontier was on the Rhine hardened into a definite policy. The vital interests of Great Britain in the integrity of the Low Countries—France, Belgium and Holland—were proclaimed beyond doubt. Conversations between the general staffs of Britain, France and Belgium took place with the object of co-ordinating plans of defence. In the celebrated letter attached to the memorandum of "the Locarno Powers minus Germany", dated March 20, 1936, the British Government promised, in the event of the failure of efforts at reconciliation, to

defend the frontiers of France and Belgium against an unprovoked German attack.

Though Mr. Neville Chamberlain, in one of those tragic-comic interludes of recent British governing practice, threw some doubt on the finality of that vital promise by saying that it had been "drafted by tired men who had been sitting around a table for many hours, working under great strain," the Locarno Letter is likely to block all future attempts to separate England from France in the essential field of common defence.

England and France may disagree, as they have done in the past, over important questions of policy. Public feeling in England may run high against what are called the wiles of the French. The popular demand for friendship with Germany and freedom from continental entanglements may grow into an imperative clamour. But unless France as we know it to-day is uprooted by revolution, England will fight on the French side to repulse a German attack. For it is inconceivable that the vision of German naval and air bases along the channel coast should not rouse the British people to fight for their future.

Germany is divided to-day, as she was in 1914, in her judgment of the finality of Anglo-French collaboration. There are those who realize that a war with France must be a war with England as well. There are others—and they include the most active elements of the Nazi movement—who hold that a time will come when England may be induced to stand aside.

Remembering that the attack on Belgium did much to bring England into the War in 1914, German military experts are said to have worked out a plan of attack on France through Switzerland. The main lines of this scheme have been known for some time, and both the Swiss and the French authorities have taken the contingency into account. But it is hard to believe that the German general staff, if it has in fact adopted the Swiss line as one of the possible plans of attack, was really guided by the illusion that it had found a way to keep England from assisting France. More probably the plan arose from the purely military realization,

that the road through Switzerland is less heavily defended than the parts of the Franco-Belgian frontier that run with Germany. This assumption is strengthened by the alleged existence of another German plan which provides for an offensive through Holland. In both cases the distribution of new roads, aerodromes and fortifications suggests that preparations are well advanced. We are speaking of course of military plans and precautions, which need not be backed by any intention of the political authorities to make use of them.

If Herr Hitler had hoped to follow the scheme outlined in his book by neutralizing England and attacking France single-handed, his efforts have so far been unsuccessful. He has, however, secured a valuable support from England in those of his schemes which can be realized without war. And he may claim also that as a result of his efforts—though even more as a result of internal British developments—the prospect of British help for France in the event of a Franco-German war is not quite as final as it seemed a few years ago. There is now an uncertainty about Great Britain's future attitude which resembles the uncertainties of 1914 and is equally welcome to Germany. But the scheme of *Mein Kampf* has undoubtedly been checked in an important quarter.

The comparative failure to get results from England caused Herr Hitler to vary his original scheme in one more respect. He had written that for the support of England, Germany must pay the price of sacrificing all ambitions to maritime power and colonial territories. When the reward was not immediately forthcoming he decided that the sacrifice need not be made. Naval construction has been speeded up to an extent which causes serious concern to England. The demand for the return of the former German colonies has been raised from a popular slogan to a point in the Government's programme. The elements of a direct clash between German and British interests are being deliberately laid by a statesman who, in his criticism of German pre-War policy, had shown that he appreciated the significance of such a proceeding.

We are left with the question whether Herr Hitler's plan of seeking the friendship of England is really as immutable as it appears from a perusal of the pages of *Mein Kampf*. Before an answer is attempted, we must examine how the Dictator's policy has fared in the East.

Enter the Soviet

Chief among the obstacles in the path of Herr Hitler's plan is the consolidation of the Soviet Union.

When *Mein Kampf* was written, the Bolshevik régime in Russia was still fighting for its existence. Civil war and outside interference had but recently ceased. The Communist programme was meeting with the stubborn resistance of both man and nature. Some of the leading Bolshevik writers confessed that the Russian experiment could not succeed unless Communism spread to other countries. The Red Army was a chequered force of doubtful loyalty. In the Far East, Russia was yielding to Japanese pressure. In the West, the Russian armies had been decisively beaten by the Poles, under French supervision.

Throughout Europe diplomatic experts considered the downfall of the Soviet Government as extremely likely. Herr Hitler was in good company when he fell into the error of assuming that Russia would before long be given over to anarchy, civil war and disintegration. Had this assumption come true, there would have been nothing extravagant in the notion of annexing large tracts of the Soviet Union and establishing virtual German control over the rest. The plan coincided with his determination to stamp out Communism in Germany. He had some reason to hope, in 1924, that the western world would welcome rather than resist a German campaign to free Europe from the Communist danger.

To-day, however, the Soviet Union is a stable country, possessed of great military power and adequate industrial resources. No longer can any diplomatist predict the early overthrow of the Bolshevik régime. No longer can any attack on Soviet territory be calculated in terms of a minor expedition. No longer can any power that tries to annex

parts of the Soviet Union rely on the sympathy of the nations of the West.

There seems to be little doubt that the new foreign policy pursued by the Moscow Government since 1933 was largely the result of Hitler's threats. He had made it clear in his book that he meant to enlarge Germany at Russia's expense. Throughout the years of his rise to power, he never varied the fanatic bitterness of his attacks upon the political outlook on which the Soviet Union rests. After his appointment as German Chancellor, he went out of his way to offend the Soviet Government, and did nothing to prevent a deep estrangement between the two countries. His overtures to Poland were regarded by the Soviet leaders as further proof of aggressive designs on the Union. That impression deepened when Germany began to cultivate her relations with Japan at a time when the latter country was actively threatening the Soviet Union in the East. In 1933 Russia was not yet prepared to defend herself simultaneously in the East and in the West. The Moscow Government resolved to safeguard the western frontier by diplomatic means.

✓ As it happened, France was ready to meet Russia more than half-way. At that time the foreign policy of France was in the hands of M. Barthou, who was deeply stirred by the rapid rearmament of Germany and the aggressive spirit that pervaded the German people. M. Barthou felt that to make concessions to the Nazi Government was as futile as to give way to a blackmailer's menaces. He revived the old plan for an encirclement of Germany by a ring of powers united in the determination to resist aggression. First he toured eastern Europe in an effort to restore France's alliances and recapture the friendship of Poland. He was successful in the capitals of the Little Entente, but failed in Warsaw. Next he prepared and accomplished the admission of the Soviet Union into the League of Nations.

M. Barthou, knowing the temper of England, proposed to achieve the encirclement of Germany "within the framework of the League". He proposed regional security pacts which he knew Germany would not enter. Germany indeed saw no reason for accepting of her own free will commitments

designed to deprive her of all freedom of movement. That was as M. Barthou had wished. He visualized a new structure of security in which France, the Soviet Union, Italy, Poland, the Little Entente, the Baltic and Balkan States should be bound to assist each other in the event of German aggression. He was willing to have Britain as a sympathetic outsider. If war broke out, he reasoned, Britain would be bound by the Locarno Pact to come in.

M. Barthou was beginning to bring the Little Entente and Italy together when he was assassinated.

M. Laval, his successor, perceived that the policy of encirclement offered no certain hope of peace. He tried a middle course: an understanding with Germany combined with precautions against her. He was almost as anxious as England was to bring Germany into a comprehensive system of collective security. He wished to relieve the Germans of their sense of grievance; to make them share in the responsibilities of the concert of Europe. Even if Germany did not keep her word, she would be morally in the wrong, while encirclement would give her a strong moral position.

M. Laval's efforts foundered on all sides. Germany declined the new pact as she had declined the old, for the same reason: that it would perpetuate a state of affairs which she regarded as iniquitous. Italy broke away to launch her East African adventure. Poland and the Baltic States remained non-committal, determined to wait and see how the Franco-German struggle developed. The attention of the League and of the British Government was finally diverted towards the Italo-Abyssinian war.

What remained of the French scheme was a Pact of Mutual Assistance between France and the Soviet Union.

The Franco-Soviet Pact, which was initialled in May 1935 and ratified in March 1936 in the wake of the German re-occupation of the Rhineland zone, amounts in practice to a defensive military alliance against German aggression. For although it has been so carefully phrased that the British Government's legal advisers found it compatible with both the League Covenant and the Locarno Treaty, it binds the signatories to come to each other's assistance

without waiting for the League to establish the fact of German aggression. Germany protested from the first against the Franco-Soviet Treaty. It was pathetic to hear Herr Hitler, who had always held that national ends override legal obligations, attack the Pact on the ground that it was a violation of the Locarno Treaty. Essentially, however, the German protest was sound enough. The Pact did destroy the European balance as it had existed at the time of Locarno.

If the Franco-Soviet Pact is implemented by action, Soviet Russia will have entered the European scene in a decisive manner. Not even the longed-for neutrality of Great Britain could then allow Germany to fight France in single combat. Nor could the Germanic "migration" into Soviet territory, which Herr Hitler had visualized, be attempted without the risk of immediate military action by France. The international position in which the design of *Mein Kampf* was sketched out has been completely transformed.

The Franco-Soviet coalition has since been extended by a pact of mutual assistance between Soviet Russia and Czechoslovakia. In the event of a German attack on either France, Russia, or Czechoslovakia, Soviet aeroplanes would be within easy-reach of the centres of eastern German industry—provided they get to Czechoslovakia. For Czechoslovakia is separated from Soviet territory by Poland and Rumania. We deal elsewhere with the significance of this gap in the pact structure. At this stage it need only be said that, though Soviet aid for France and Czechoslovakia is not an absolute certainty, it is sufficiently probable to upset the German calculations.

The immediate consequence of the blocking of German designs in the East has been the emergence of a new western policy. Once more, as in the early years of the century, Germany is building a powerful navy. She demands, with increasing insistence, the return of her colonies. She is harbouring a variety of plans for the extension of German interests overseas, both in Africa and in South America. The developments of the year 1936 have convinced the

Nazi pundits that the western democracies are not as formidable as had been thought. While efforts to gain Britain's friendship continue unabated, a foreign policy is taking shape which is bound to bring Germany up against vital British interests. The development has not yet gone far. But it has gone far enough to justify the prediction that it will not be safe for Great Britain to rely on the professed determination of the German Dictator to spare British interests in the process of German expansion.

Germany and France

Whether the state of Europe is judged in terms of the balance of power or the structure of collective security, the root of the European problem lies in the relations between Germany and France. The problem may be called an eternal struggle between France and Germany for predominance on the Continent. It may be called a conflict between French rationalism and German mysticism. It may be called a clash between French democracy and German despotism. Whatever aspect takes precedence at any given time, the conflict is deep-seated and dangerous.

It was the unsolved Franco-German problem which broke the British attempt at applying collective action against Italian aggression. While the British people looked at the question largely from a detached and idealistic point of view, wishing above all to enforce the rule of law in international relations, France saw only the unwelcome distraction of Europe's attention from the all-important German danger. Thus it had been with every similar idealistic effort since the War; it will be the same with every future collective effort—until Franco-German rivalry is superseded by a genuine understanding.

Is such an understanding possible?

✓ After the return of the Saar region to Germany as a result of the plebiscite in January 1935, Herr Hitler proclaimed that no territorial dispute remained between Germany and France.

The only western territories separated from the Reich

by the Peace Treaty were Alsace-Lorraine, which returned to France, and the small district of Eupen-Malmédy, which fell to Belgium. There has never been a strong nationalist feeling in Germany for Alsace-Lorraine, although its population is partly German by race and language. In contrast with other territories alienated by the Peace Treaties, Alsace-Lorraine is popularly regarded as a good riddance. The people of the two provinces are a mixture of Franco-German spirit and culture. Stubborn, nimble and crafty, they have been as much a nuisance to the Germans as they are now to the French. The only sentimental element in German feelings for Alsace-Lorraine arises from the fact that Alsace stretches along the left bank of the Rhine, which the Germans have always desired to have as "Germany's river, not Germany's frontier"; and that some of the Alsatian towns, such as Strasbourg and Colmar, are intimately connected with ancient German history. It would, no doubt, be possible to work up a nationalist feeling about Alsace-Lorraine in Germany whenever it appeared useful. A certain amount of German propaganda is indeed always going on in the two provinces. But there is no genuine emotional background to it as there is, for instance, in the case of Danzig or Memel.

On the other hand, Lorraine contains important deposits of iron ore, a raw material with which Germany is very poorly supplied. These deposits are moreover within easy reach of the great Saar coalfield—the very reason why France tried to get the Saar Basin. A second source of wealth in the two provinces is potash. Before the War, this played an important part in Franco-German rivalries; today its importance is greatly reduced by the development of synthetic manufacture of nitrogen, a process, invented during the War, which has made it possible to produce both agricultural fertilizers and explosives without the use of natural potash.

If economic nationalism should tighten its hold on Europe, the iron ore resources of Lorraine might assume such importance for Germany that her aspirations towards the region would be revived. For the immediate future,

however, it may safely be assumed that Alsace-Lorraine would not stand in the way of a Franco-German understanding.

Herr Hitler's own reflections on this question may be usefully recalled.

"The frontiers of 1914 mean nothing in respect of Germany's future. They were no protection in the past, nor would they mean strength in the future. One thing is certain. Any attempt to restore the frontiers of 1914, even if successful, would merely lead to a further pouring out of our nation's blood, until there was none left worth mentioning for the decisions and actions which are to remake the life and future of the nation. On the contrary, the vain glamour of that empty success would cause us to renounce any more distant objective, since 'national honour' would then be satisfied and the door opened again . . . for commercial enterprise.

"It is the duty of us National Socialists to cling steadfastly to our aims in foreign policy, and these are to assure to the German nation the territory which is due to it on earth. This form of action is the only one which could justify bloodshed in the eyes of God and of the future generations of Germany."

It is clear that the territories which, in Herr Hitler's view, are "due" to the German nation lie in the East. His idea is to make eastern expansion feasible by checkmating France. If the road to the East cannot be cleared without fighting France, the real territorial objectives of such a war would still be in the East and not in the West.

✓ If France could be persuaded not to oppose German expansion towards the East and South-East of Europe, it might perhaps be possible to establish a solid understanding between Germany and France. But it is hardly conceivable that France should voluntarily consent to such a sacrifice. ↗ France maintains her hold on the countries beyond Germany for a double purpose. ⚡ Firstly, she fears and distrusts Germany, and wants to make certain that a German attack on

her territory will be followed by retaliation in the East. In 1870/71, Germany attacked her single-handed and won hands down. In 1914, France was saved by her allies. She has learned her lesson; Germany must always be made to fight on two fronts.

(~) The second purpose of France in eastern Europe is to retain the political leadership of the Continent. The countries East of Germany, none of them strong enough to stand alone, look one and all for a Great Power to lean upon. France, Germany, Italy, and of late Soviet Russia, mark out their "zones of influence". The balance is shifting from year to year, often from month to month. But it has now come to the point where the withdrawal of France would spell German domination. Quite apart from the question whether a Germany vastly strengthened by the achievement of political hegemony from the Baltic to the Balkans might not rediscover ancient designs on French territory, France owes her status as the first power in Europe to her position in those regions. To surrender that position for the sake of calming the *furor teutonicus* would reduce France to a secondary place in Europe.

It seems quite likely that Germany has no territorial ambitions in the West, with the exception, perhaps, of the small region of Eupen-Malmédy, which was transferred to Belgium after one of those dubious plebiscites which followed the Versailles Treaty. A substantial part of the population is German by race and language, and irredentist propaganda is constantly carried on by German organizations there. At the elections in May 1936, 9000 blank votes were handed in, and the Berlin press hailed this fact as a demonstration of pro-German sentiments. But no strong feeling exists on the subject either in Germany or in Belgium. There have been times after the War when the return of the territory was calmly discussed between German and Belgian statesmen. Though included in the general scheme of German aims, Eupen-Malmédy would not stand in the way of a genuine understanding between Germany and her western neighbours.

The trouble is that plans tend to expand with oppor-

tunities. In the present state of Europe, Germany would probably be content to extend her influence towards the East and South-East. Assuming, however, that she succeeds in penetrating these regions to the virtual exclusion of all other Great Powers, she would then emerge as the strongest power in Europe, with a string of allies to assist her. Whoever be at the head of the Reich at that time, it is almost inevitable that Germany should revive her old ambitions to become a World Power. If by then naval strategy is not altogether overshadowed by air strategy, she will find herself in the same unfavourable position as she did at the beginning of the century. Her bases of naval operations will appear too small and exposed for any large-scale overseas ventures. The coasts of the lower North Sea and the English Channel will rise up, mirage-like, in the dreams of German patriots. Important parts of the Low Countries, it should never be forgotten, are populated by Germanic races; and the rising generation of Germany is being brought up in the faith that race is the supreme law of international relations.

Germans are apt to be indignant when their ultimate designs are thus questioned. They point to the repeated assurances of Herr Hitler that he desires a genuine understanding with France. One of these statements may serve as a specimen.

"I am still ready, and shall always and sincerely be ready in the future, to help the cause of Franco-German understanding, for I look upon it as a necessary element in securing Europe against dangers that are incalculable, and I am unable to see what possible advantage could come to either nation from any other attitude." (Reichstag speech, March 7th, 1936.)

Such protestations of peaceful intentions are likely to be genuine. In her cramped position, Germany is only anxious to relieve tension wherever she can. But once the giant has had time to stretch himself, he may think again.

The French are wont to accept assurances from Germany with extreme caution. They would be only too happy to

believe in them. They ask only for reasonable guarantees. To which the Germans reply: "Is not our word of honour good enough? We will not be treated as suspects!" Follows deadlock; then a lull while England tries to mediate; and after that the game begins at the beginning.

Nothing but a disastrous weakening of her national spirit will make France open the gates to German penetration into the East and South-East of Europe. Nothing but a miraculous breakdown of German morale will persuade Germany to resign herself to the second position in Europe.

If France and Germany trusted each other, their respective peoples would gladly fraternize. But they do not and they cannot trust each other.

As long as France and Germany exist in Europe as powers of more or less equal military strength, the peace will be kept only by a delicate balance between them. Each move will be followed by a counter-move, as German rearment was followed by the Franco-Italian understanding, and Germany's dramatic successes in Poland and the Balkans were followed by the Franco-Soviet Pact, which in its turn caused Germany to fortify the Rhine frontier.*

The most that can be hoped for is a truce. If the truce can be maintained long enough to allow for a lessening of national tension and a revival of international trade, the ultimate explosion may yet be averted. It is worth trying. But it is futile to believe that a better feeling between France and Germany, or even a change in their respective régimes, can alter the basis of their rivalry, which goes to the very roots of either nation.

Not until the present wave of nationalism, which has lasted already for over sixty years, has been replaced by a new political idea, will there be room in Europe for two Great Powers.

*France has since countered the fortification of the Rhine frontier by the revival of the Franco-Polish alliance. Germany, for her part, reached an agreement (as yet untested) with Italy during the visit of Count Ciano to Berlin in October; and a month later she concluded a pact "against Bolshevism" with Japan. About the same time, France reinforced her relations with England by the exchange between Mr. Eden and M. Delbos of assurances of unconditional mutual assistance in the case of unprovoked attack.

CHAPTER IV

DRIVING FORCES

The Leader

THERE IS AN age-old controversy among historians and political prophets as to the respective influences on history of personalities and economic forces. I do not propose to take a stand on either side, believing that the relative weight of the two factors shifts with circumstances. Even the most outstanding leader can but scheme within the given framework of social and economic conditions. And though the underlying trend of political history is determined by these conditions, it is often the hand of powerful individuals which gives the final turn to the flow of cause and effect.

It would be fatuous to deny that Adolf Hitler has exerted immense influence on the recent transformation of Germany. Although hardly a single idea of either the National Socialist movement or the foreign policy of the Nazi régime originated in his own mind; although he is the pawn of political, industrial and military groups—it is nothing but his own political instinct and inspiring force which has brought those groups into power and is holding them together. The resemblance between the present Leader of Germany and the ruler who led her into the World War is striking. Both Hitler and the Kaiser are ambitious, unstable men, driven by inner weakness to an extravagant display of strength. Both show the same horror of making decisions and the same violence when they are at last forced into making them. Like the Kaiser, Herr Hitler has an overwhelming gift for kindling the imagination of the German people by appealing to their national pride and their mystic urge to sacrifice themselves to the State. Once again a ruler who adores

power and believes in the righteousness of force inspires the mind, though he may not control the policy, of Germany.

Recognizing the importance, one may yet neglect the detailed description, of personal influences for the purpose of this study. Dealing with the outlook for the next few years, we take for granted the continuation of a dictatorial régime in Germany. Moreover, even the death of Herr Hitler would not lessen the German pressure on the structure of Europe. Once set on the path of military power and national expansion, nothing short of defeat in war will change the German determination to gain first place in Europe and to aspire to the status of a world power.

The only question that remains in doubt is whether Germany will pursue her objective by deliberate military aggression or whether she will try to succeed by pacific means. An equally disastrous war may be provoked by the second as by the first method. It may not even be a matter for deliberate choice. It was hardly that in 1914. But whether Germany inclines more to war or to peace will largely depend on the shaping of two non-personal factors: the social trend and the economic situation within the Reich.

Domestic Affairs

War and currency inflation have reduced the propertied class in Germany to a thin social layer. Land-owners, industrialists, and what remained of independent bankers, supported by the army leaders and the remnant of the pre-War civil service, virtually ruled Germany from 1929 onwards. The problem which broke the Weimar Republic was the absence of contact between these classes and the dispossessed sections of the people, which formed an increasing majority. The position was carried to the point of absurdity by the Papen Government, which in the 1932 elections gained a mere ten per cent. of the national vote. Hitler brought the masses back into the Government—that was his mission in internal politics. He bridged the gap between the ruling class and the people by combining in his programme a fierce militarist nationalism with socialism of a sort. It is

true that he carried with him only the middle class and the peasants, while the bulk of the industrial workers have remained aloof. But compared with the social isolation of preceding Governments, the Nazi régime rests on a broad popular basis.

Within the present régime, however, the gulf between the stern conservatism of the former ruling classes and the revolutionary, anti-capitalist mood of the dispossessed masses is imperfectly spanned by a common allegiance to nationalist ideas. Hitler himself was never a Socialist, as Mussolini, for example, had been before he became a Fascist. The German Dictator has never taken the Socialist side of his programme very seriously. He was concerned with the national resurrection of Germany, with rearmament and external expansion, with the "cleansing" of the German race, the extermination of Communism and Marxism, and the welding of the nation into a single instrument in the service of foreign policy. Although he despised bankers and merchants and resented the habits of "fine gentry", he found little fault with the fundamental structure of capitalist economy. The socialism of Herr Hitler is the socialism of the conscript army: money deprived of influence, each man honoured according to his station, and a common obedience to authority.

The socialism of the more advanced Nazi ranks goes much farther than that. They have abandoned the Marxist brand of anti-capitalism, which conflicts with nationalism, for one which they expect to be even more effective in curbing the capitalists and raising the employees' status. They hope for a system of state socialism in which the interests of the working man will predominate.

~ The revolutionary temper of a large section of the German people, arising as it does from a desperate economic position which is unlikely to change in the near future, is a force which even the unifying power of nationalism can restrain only for a time. It may be diverted by passing excitements or appeals for unity in the face of a hostile world. But as long as the economic condition of the German masses does not substantially improve, there will be a danger of the revolutionary

elements breaking away from the régime. They have been sadly disappointed in their expectations of Nazi policy. Although the campaign against Jews and other internal "enemies" has absorbed, and will absorb, a good deal of attention, the hope for socialism has not been satisfied. A display is made of frequent local interference with smaller employers in favour of operatives. But in all important industrial concerns the position of the employers is more dominant than ever. ✓Wages have fallen—according to the *Frankfurter Zeitung* the average hourly wage of men declined by five per cent. between 1932 and 1935. Real earnings are reduced even more by increased prices and higher taxes, besides very heavy levies for party purposes. The cost of living is officially stated to have risen by six per cent.; but the basis of the index has been changed. It now allows a workman only one shirt, one and a half under-vests, one pair of pants a year; his wife only three art silk stockings and two pairs of cotton stockings a year. On a more reasonable basis the cost of living has been calculated to have risen by fifteen or twenty per cent.

✓ The problem of holding the dispossessed classes in check is becoming more difficult as the spell of the first mystic enthusiasm wears thin. In her present condition, and while military interests hold first place, Germany cannot risk any serious interference with the working of the capitalist system. The pressure of the revolutionary forces can thus be relieved only by repeated diversion towards external issues. It is a potent driving force behind the "active" foreign policy of the Nazi Government.

The Finances of Germany

Germany, like Japan, has confounded the theories of orthodox economists. Both countries have created prosperity by creating state credit. And while this procedure, according to all recognized doctrine, ought to have broken down long ago, it is in fact showing a considerable measure of success. By adding to the national debt amounts out of all proportion to the apparent resources of the country, the

Governments of Tokyo and Berlin have raised the level of production and employment, multiplied the productive equipment of the country and left it to a happier future to foot the bill. And who shall say, in this age of tightly partitioned international trade, that the method of creating economic values by loan-financed expenditure of the state must necessarily lead to bankruptcy at any given time?

✓ The economic life of Germany has been brought under complete Government control. A vast bureaucracy directs both domestic and external trade into the channels desired by the Government. Industry receives some eighty per cent. of its orders from the State. Government departments ration the supply of raw materials and control the investment of capital. Banking, shipping and transport are largely controlled by the State. Agricultural production and land ownership are subjected to restrictive legislation. Employment is regulated by authority, employers being forced to engage or retain a given number of workers irrespective of the work in hand.

Under this system, industrial output has risen between 1932 and 1935 by sixty-four per cent. Unemployment has declined from some 7,000,000 to about 1,120,000, which is remarkable even if the latter figure understates the truth, as some experts assert, by fully one-half.

The industrial revival is due almost entirely to the re-equipment of the military services and to public works. While the output of capital goods—those not suitable for direct consumption—has more than doubled in the period mentioned before, the output of consumption goods—food, clothes, etc.—has hardly risen at all. In other words, the factories are busy providing for army, navy and air force, as well as for new roads, bridges, aerodromes, and other public works; but the men producing this wealth do not eat more, dress better, or live more comfortably than they did in the depths of the depression.

The German Budget has been kept a close secret for several years. It can only be surmised that expenditure for rearmament and public works, and the cost of the swollen administrative machine, has long outdistanced the modest rise which

has occurred in the yield of taxation. The cost of rearmament has been variously assessed. Mr. Winston Churchill has stated that the German Government had spent £800,000,000 for armament purposes in 1935 alone, and his figure has since been accepted as correct by Mr. Neville Chamberlain, the Chancellor of the Exchequer. But from a newspaper article in which Mr. Churchill explained how he had arrived at this figure, it seems clear that he assumed the total increase of the German national wealth, excluding only investment on residential building but including public works, machinery, railway stock, commercial shipping and suchlike, to form part of the national armaments.

In the *Economist* of August 1st, 1936, a lower figure than that of Mr. Churchill was put forward and convincingly substantiated. The writer assessed the total German investment *during the three years 1933-35* on "building up a larger army, navy, and air force, on fortifications and in industrial and other purposes ancillary to rearmament in the widest sense of the term"—at between 10,000 and 12,000 million Reichsmarks (£500 to £600 millions at par, or £800 to £960 millions at current rates). This estimate is indeed supported by independent German experts. For the present argument, however, we need not discuss the two divergent figures. On any showing it is clear that Germany is spending on her military expansion far more than she can possibly afford out of ordinary revenues.

The bulk of this colossal expenditure has been financed by internal short-term debt. The floating debt of the German Reich in the summer of 1936 is reliably estimated at 25,000,000,000 Reichsmarks (£1,250,000,000 at par). This includes large sums of debt which are not directly incurred, but guaranteed, by the Government. In addition, a similar amount of debt, both funded and unfunded, rests upon provinces and municipalities.

The national income—the aggregate nominal earnings of all citizens—is computed at Rm. 55,000,000,000 (£2,750,000,000). Thus the total indebtedness of the German State, provinces and municipalities nearly equals one year's income of the whole nation.

By way of comparison it may be recalled that the internal debt of Great Britain, both Government and municipal, totals nearly £9,000,000,000, of which only £800,000,000 represents floating debt. The British national income is estimated at £4,000,000,000. It will be seen that the German public debt is far smaller in relation to national income than that of Great Britain. On the other hand, a much larger proportion of the German debt is financed by short-term credit. The German financial authorities have long realized the need for consolidating the floating debt, and since the beginning of 1935 some 3,500,000,000 marks—less than one-seventh of the total floating debt—has been converted into medium-term debt. The process is continuing, and as the Government has complete control of the financial system, the transaction may well succeed within a few years.

More important than purely financial considerations is the question whether Germany is not "living on her capital". An ever increasing part of the available capital resources of the nation is being tied down in stocks of military equipment, strategic buildings and roads, industrial plant for armament manufacture, and similar values which, once completed, are withdrawn from the productive life of the country. The capital available for normal trade is rapidly decreasing. Already the standard of living of the masses has had to be sharply depressed; the citizen, in other words, is going without luxuries, and often without necessities, because the state withdraws a rising part of the national income from circulation. How long can this development go on?

Discussing this question in his latest report on Germany,* Mr. E. C. Donaldson Rawlings, the Commercial Counsellor of the British Embassy in Berlin, cautiously quotes the view of "an experienced and not unduly biased student of business conditions in Germany" as follows:

"From a commercial point of view—that is, regarding the country as a business concern among others in a world economy—

*Economic Conditions in Germany to March, 1936, Dept. of Overseas Trade.

is not Germany living on her capital? Has not the business boom based on work creation, rearmament and autarchy been organized and is it not being maintained, at the cost of increasing her economic isolation from the rest of the world? Is not this policy causing progressive impoverishment and is it not already pressing hard on both the standard of living and export trade?"

"In answer to the above it can be said," continues Mr. Rawlings, "that the criteria underlying this comparison of Germany to a business concern are not regarded as applicable by those in authority in Germany to-day. Germany is not being run as a private business concern; in the Third Reich political aims and the politico-social aspect of national policy are paramount. Some people hold that ineluctable economic considerations will eventually reassert themselves as prime or limiting factors in national policy...."

What are these "ineluctable economic considerations?"

Obviously two things may happen: exports may shrink so much that imports can no longer be paid for; and the impoverishment of the people may reach such a pitch that social revolts would result. Both contingencies are unlikely. Germany's import requirements are decreasing—partly because of larger production of raw materials at home, and partly as a result of social impoverishment—and the countries which supply them are so anxious to sell their goods that they are almost compelled to take German manufactures in return. Has not the Standard Oil Co. accepted payment for its oil in millions of German-mouth-organs? Are not British firms ordering scores of ships in Germany in order to get paid for their deliveries, even though many British shipyards are idle?

As for the standard of living, it is not easy to discover a low limit beyond which it cannot be depressed. We have seen that nominal wages have fallen by five per cent.; that taxes and other levies have further reduced net earnings; that the cost of living has increased by fifteen or twenty per cent. since 1933. But that is not the whole story.

For one thing, a large part of the impoverishment has been disguised by lowering the average standards of quality. Although a suit or a shirt costs only fifteen per cent. more now than it did in 1933, it is of much lower quality. The real

price has therefore increased far more than fifteen per cent.; but the purchaser is not aware of it because everyone else buys goods of lower quality. If no woman can afford to wear silk stockings, they cease to be a necessity. If rough knee-breeches and a khaki shirt are considered a smart dress, there is no reason for wanting anything better. The result is that the national economy is run more cheaply, and capital is liberated for non-consumptive purposes.

Further, the German citizen enjoys many amenities gratis for which his opposite number in other countries has to provide out of his income. Employees receive tickets at greatly reduced prices for theatres and cinemas; holiday trips and sports meetings are very cheaply arranged by the State. It is a matter of taste whether demonstrations, political meetings and organized trips are considered desirable pleasures; but undoubtedly they fill a large part of the spare time of the average German to-day. From the point of view of national economy, social amenities are less costly when great masses of people allow the State to organize them than when the individual insists on his liberty of choice. Collectivism, in other words, is a cheap way of living.

Lastly, the average German is prepared to forego financial for social values. Just as the state official of pre-War times was willing to work all his life at a starvation salary so long as he could wear a red cap, carry a title, or hope for a decoration at the end of his career, the German to-day is willing to accept uniforms and political rank as full compensation for loss of income. This does not, of course, apply to all sections of the population; but those who grumble have not the slightest chance of making themselves heard. In a well-organized police state there may be spontaneous riots; there can be no mass revolt of which the Government need be afraid.

For all these reasons it may be safely assumed that Germany can go on for a long time depressing the standard of living of her people in order to pay for rearmament.

Saviour of the Third Reich

Another problem will be more difficult to solve. What is to take the place of the present flood of armament orders when the military services have reached the desired strength and their requirements are reduced to normal peace-time standards?

This problem is already the centre of a storm of controversy in Germany. One school of thought, led by Dr. Schacht, the President of the Reichsbank and Minister for Economic Affairs, demands that expenditure should be reduced and taxation increased in preparation for the crisis. Dr. Schacht has attacked the waste of public money by the Nazi party, which has duplicated practically every important Department of State. There are two Police Forces, two Foreign Offices, two Ministries of Justice, and a host of party authorities doing work already done by the ordinary civil service. Dr. Schacht is also demanding new and increased taxes, calculated to balance the national Budget or at least to reduce the proportion of expenditure financed by loans. He would even reduce the expenditure on rearmament and public works. Behind this conception lies the thought that military expenditure cannot be wholly effective unless it is backed by strong and ordered financial resources.

It is a curious parallel that the late Japanese Finance Minister, Mr. Takahashi, a few weeks before his assassination by nationalist soldiers, opposed the financial demands of the services with the very words: "Military strength is futile unless the national finances are in order."

It is not suggested that the opponents of Dr. Schacht might remove him with the same ease, not to speak of the same methods, with which the aged watch-dog of Japan's finances was removed. But he is confronted with an exceedingly strong opposition, consisting mainly of the more advanced Nazi chiefs and backed by a section of industry which thrives on armament orders. This school would raise rather than reduce the present rate of Government expenditure. They say that when the present armament programme is completed there should be a new armament programme; they

suggest that orders for the navy will soon offset the sagging, if any, of army and air force orders. They want more, not less public works. They see no harm in the continued rise of the public debt; is not the Nazi Government's word sufficient cover for any debt, so long as no one is permitted to raise a doubt?

The immediate bone of contention is the rate of the currency. Dr. Schacht, who once before performed a financial miracle when he stabilized the mark in 1923 by simply declaring that it was now stabilized, believes firmly in the psychological value of a stable currency. Although in actual fact there are at least a dozen German currencies, devalued at anything from twenty-five to seventy-five per cent., the nominal value is still maintained at a rate corresponding to the non-existent gold standard. Only a minor part of the external trade of Germany is transacted at the full gold rate of exchange; the bulk of it is settled through clearing arrangements at varying rates. However, what remains of the gold rate is still important enough. A devaluation by anything from thirty to fifty per cent., which Dr. Schacht's opponents demand, would raise the amount of interest to be paid on foreign debt; it would probably lead to a rise in internal German prices sufficient to wipe out the nominal gains of devaluation; and it would, so Dr. Schacht maintains, shake the confidence of the public in the stability of the nation's money. Against these arguments it is asserted that a devaluation would reduce the internal public debt at one stroke, and thus liberate large credits for further public works; that it would assist the export trade and do away with the need for the present export subsidy of some twenty-five per cent. As for the dreaded panic, it could be easily prevented in a country where the expression of opinion is the monopoly of the Government and opponents have no means of making their resentment felt.

Dr. Schacht is fighting a lone battle for moderation. Herr Hitler has called him, with some justification, the saviour of the Third Reich. In predictable circumstances, Herr Hitler will always side with the forces of conservatism against revolutionary elements. But the clamour of Dr. Schachht's

opponents may at any time coincide with the desires of the Leader himself, who thinks in terms of military strength and public employment rather than of financial orthodoxy. If Dr. Schacht should lose his battle, if the Reichsmark should be devalued and the expansion of credit continued, it will mean even more armaments.* And the higher armaments pile up, the stronger grows the temptation to use them.

Herr Hitler is constantly submitted to pressure from conflicting elements. There is no doubt that he has repeatedly escaped from a decision in domestic policy by creating a diversion in foreign affairs. The glamour of growing national power temporarily covers up internal dissensions. The unifying force of hatred against supposed foreign enemies is exploited whenever national enthusiasm threatens to flag. Both the social and the financial condition of Germany are full of dangers which might drive the Dictator ever deeper into an aggressive foreign policy.

This evil progression from hazard to hazard cannot be checked by any resolve, however genuine, to maintain the peace. It cannot be checked by any of the minor adjustments which the other powers may be persuaded to grant in response to recognized German grievances. It will cease only if and when the economic pressure under which Germany, in common with many other countries, is living, comes to be relieved. If the method of diverting popular attention to external ventures becomes a firm habit, all is lost. The one hope of peace lies in the remote possibility of bringing Germany back into free international trade, where her industries might find full scope and her workers profitable employment.

*On September 25th, 1936, Great Britain, France and the U.S. agreed to "re-align" their respective currencies and collaborate in preventing substantial changes in the future. France devalued the franc; Holland and Switzerland, having devalued their currencies, joined the tripartite agreement; even Italy devalued the lira. The retention of the nominal gold rate for the Reichsmark has thus become even more controversial. Some of those Nazis who advocated devaluation before September have since changed their minds, believing that Germany's financial isolation will improve their chances of bringing the entire German economy under State control. Meanwhile a Four-Year Plan designed to increase home production of raw materials has been set in motion. Though it may promote the Reich's military strength, it will further lower the standard of living and increase Germany's economic isolation.

CHAPTER V

BALANCE IN THE BALTIC

The End of Neutrality

THE BALTIC SEA is shaped approximately like the letter J. It measures 1000 miles from tip to tip and has a coastline of 5000 miles, held by no fewer than ten sovereign states.

The southern bend is German. In the eastern curve lies Soviet Russia. The western exit, leading into the North Sea, is controlled by the three Scandinavian countries: Denmark, Sweden and Norway. Between Germany and Russia, along the south-eastern bend of the J, four other states, in addition to the Free City of Danzig, intervene. The first is Poland, holding a narrow strip of coast at the head of the Polish "Corridor", with the large new harbour of Gdynia; Danzig, next door, is under partial Polish control. Further East there are the three "Baltic States": Lithuania, with the formerly German port and territory of Memel; Latvia; Estonia. Apart from Memel, the three Baltic states formed part of the Russian Empire before the War.

There remains Finland, reaching into the extreme North. Formerly a Grand Duchy of the Russian Empire, it controls the Gulf of Finland, through which alone Soviet Russia has access to the Baltic. Finland owns, moreover, the strategically important Aaland Islands, now de-militarized.

As long as both the German and the Russian navies, after the War, remained comparatively weak, the security of northern Europe presented no special problem. The strategic key positions were in the hands of neutral powers: Denmark and Sweden guarded the gateway towards the North Sea; Finland and Estonia protected the north-eastern flank

towards Soviet Russia. The freedom of the Baltic Sea was tacitly entrusted to Great Britain, with whom the Scandinavian and Baltic countries are linked by close commercial and cultural associations.

The revival of German naval power completely upset the existing balance. Not only has Germany built a strong Baltic fleet, but her navy as a whole has become so powerful that she can at any time transfer to these waters sufficient units from the North Sea fleet to give her complete supremacy in the Baltic. The Kiel Canal, completed just before the Great War, makes Germany independent of the straits guarded by Denmark and Sweden.

The growing hostility between Germany and Soviet Russia aggravated the disturbance. The Soviet Union has begun to build a substantial Baltic fleet, and official Moscow statements suggest that this process will continue. The security of northern Europe has become a matter to be judged in terms of a possible Soviet-German war.

This change could not but affect the political relations of the other littoral powers. Sweden, Norway and Denmark have set up machinery for close collaboration in foreign policy and defence. The three armies and navies have been largely increased. Sweden and Denmark have put in hand the fortification of the Sound, that narrow passage through which all Baltic shipping to and from the North Sea must pass (unless it uses the Kiel Canal). Sweden is busy strengthening the defences of Gotland, her eastern outpost.

Although the declared policy of the Scandinavian states is "armed neutrality", they are no longer able to keep aloof from the international disputes of the day. As a result of the War, Denmark recovered from Germany the province of North Schleswig, and there is little doubt that the recapture of that province is one of the objectives of Germany. Nazi agitation, so often nowadays the fore-runner of official claims, has been busy in the Danish province for some time. The farmers are dissatisfied with their economic position, which has been gravely affected by British import restrictions. The frontier is difficult to defend.

The three Scandinavian Governments are staunch sup-

League in the Italo-Abyssinian war has damped their confidence in the protection to be expected from that quarter. They look to Britain for political support, but they know well that the German navy will soon be capable of cutting their sea-routes to England, except in the case of Norway, which has a long Atlantic coastline.

In the distribution of forces in Northern Europe it may be assumed that Scandinavia can be largely paralysed by Germany. It would, however, not be worth Germany's while to provoke Scandinavia into active hostility, for, apart from the damage which the northern air forces might be able to do, Scandinavian neutrality is a definite strategic asset for Germany, as it allows her to concentrate her striking force on other fronts.

Finland leans towards Scandinavia by tradition and culture. She has lately extended the normal political co-operation with the Scandinavian group to military matters. But though she would like to join them in a common policy of "armed neutrality", she maintains that she is too gravely menaced by Soviet Russia to rely altogether upon the protection of her Scandinavian friends, whose armaments she regards as inadequate. Finland is absorbed by hatred of Bolshevism and fear of Soviet designs. She is too near the line of the German-Soviet struggle to be certain of her ability to stand out. As her outlook prohibits co-operation with Soviet Russia, she is increasingly inclined to listen to German appeals for her friendship. Finnish relations with Germany have greatly improved since the latter regained naval supremacy in the Baltic. The tendency is supported by various political movements in Finland, which sympathize with the anti-communist strain in the Nazi creed, and even with certain parts of Herr Hitler's scheme for "expansion" into Russian territory. But the Finnish Government remains determined not to commit itself to Germany.

The neutrality of Finland has an important bearing on the future of the Aaland Islands, which occupy a vital strategic point in the Soviet-German struggle. Possession

of these islands, which lie midway between Finland and Sweden, by a belligerent power would secure the domination of the Nordic states. It is for this reason that the islands were de-militarized by international convention in 1921. Both Finland and Sweden favour the abolition of the 1921 convention in order to establish a common naval and air base on the islands. No official steps have so far been taken, and it is certain that neither Germany nor Soviet Russia would remain indifferent to the refortification of the islands. For although Finland may hope to secure in this way her ability to remain neutral in a Soviet-German war, each of the two Great Powers would fear that the other might take possession of such a ready-made base by force.

As long as the Aaland question remains unsolved, Finland must waver between a pro-Scandinavian and a pro-German policy.

In the event of war between Germany and the Soviet Union, however, Finland, like the Scandinavian countries, whether neutral or belligerent, must be counted as an asset for Germany.

Poland: Sphinx of Eastern Europe

Situated between Germany and Russia, Poland holds the key to the destinies of eastern Europe. Her active support would be of decisive advantage to either of her great neighbours in the event of war. Poland has made the most of this position by remaining uncommitted; she achieved the diplomatic status of a Great Power merely by keeping her suitors guessing about her ultimate choice.

Poland fought and won a war with Russia in 1920/21. Although no longer afraid of Russian aggression, the Poles fear and detest Communism. Their relations with the Soviet Union are regulated by a non-aggression pact signed in 1932 and renewed in 1934 for a further ten years. In practice, Polish-Soviet relations are correct though not cordial. There is a strong rivalry between the two powers for the leading influence in north-eastern Europe.

Germany covets part of the Polish territories. Poland

reaction to the military revival of Germany has been entirely different from that of all other countries exposed to German designs. In January 1934 a ten years' treaty of non-aggression and amity was concluded between Poland and Germany. Relations have since become fairly intimate, though Poland remains suspicious.

A third factor in Poland's international position is her alliance with France, which was concluded in 1921 and reaffirmed in 1925. Poland, once a powerful kingdom, was reborn in 1918, after more than a century of absorption by alien powers, as a protégé of France. French capital helped to reconstruct Poland after the ravages of the War. French advice and French equipment helped to build up an efficient Polish army. French military assistance was largely responsible for its victory over the Soviet armies. The alliance with France has long lain dormant, but lately it has been restored to new life.

✓ Soviet Russia, Germany and France are the three pillars of Polish foreign policy. Before describing the skilful game which Poland is playing with these three powers, we must consider certain essential facts.

Poland is bordered by Russia in the East and Germany in the West; by Czechoslovakia and Rumania in the South; by Lithuania and Latvia in the North. By far the greatest territorial problem concerns her frontier with Germany, drawn after the War to include former German territories which Germany has ever since wanted to regain. Chief among these is the "Corridor", a wedge driven through Prussia to give Poland access to the Baltic Sea. At its head lies the city and port of Danzig. For many centuries Danzig had been a Free City under the suzerainty of Poland. After the partition of Poland, the great Baltic port became part of the German Empire, but continued to live chiefly on the trade of the hinterland now forming Poland. By the Treaty of Versailles Danzig, with a few surrounding country districts, was separated from the Reich and established as a Free City under the guardianship of the League of Nations. Defence and foreign relations are in charge of the Polish

Government. A customs union gives Poland a right to supervise Danzig's commercial policy. The inhabitants of Danzig are almost exclusively Germans, and bound to Germany by many ties of tradition and culture.

Germany has never made a secret of her desire to see Danzig return to the Reich. The Danzig Government has invariably professed the same desire. After the Nazi régime was established in the Reich, the Nazi party gained control of the Parliament and Government of the Free City. Relations between Danzig and Berlin, always very close, have since become so intimate that the Danzig authorities govern virtually under orders from Berlin. The position of the High Commissioner, representing the League of Nations, has become precarious, and the clamour for return to the Reich has reached dangerous intensity.

Until a few years ago the control of Danzig was for Poland a matter of life and death. Otherwise land-locked, she depended on this gateway for the free passage of her sea-borne trade. During the Polish-Soviet war, when the Danzigers obstructed the landing of French munitions for Poland, the significance of the Free City for Polish security was painfully demonstrated. Alarmed by the continuous agitation of the Danzigers for reunion with Germany, the Polish Government, a few years ago, began to build a new port at the fishing village of Gdynia, west of Danzig. Today Gdynia is a first-rate modern harbour which handles roughly one-half of Poland's sea-borne trade, and contains a Polish naval base.

Considered in terms of trade only, Poland could now face the loss of Danzig without fear of ruin. She knows that Danzig will be compelled, even after a reunion with Germany, to pay every attention to Polish interests, as the prosperity of the port depends entirely on Polish trade. But it is also known in Warsaw that Germany desires to transform Danzig into a great military, naval, and air base. If ever this plan were carried out, Gdynia would be helplessly exposed to German arms, and Poland could be forced into abject obedience to Germany by the threat of economic blockade. Moreover, Danzig is only one of Germany's

be followed by a clamour for the return of the "Corridor" itself. That passage has not becomes less vital to Poland by the shifting of part of her trade from Danzig to Gdynia. It is just conceivable that a Polish Government might acquiesce in the loss of Danzig; it is inconceivable that Poland should ever surrender the Corridor itself. It is the very life artery of Poland.

Further south, too, Poland cuts deeply into former German territory. The frontier, drawn after the plebiscite of 1921, leaves Poland in possession of the bulk of the Upper Silesian coalfield, one of the largest in Europe, and of the surrounding heavy industries. Upper Silesia, with the Corridor and Danzig, is outstanding among the territories which Germany wants to regain. Poland, on the other hand, could not live without either the coalfield or the Corridor artery.

Ever since the War successive German Governments have bluntly refused to accept the German-Polish frontier as final. Even Dr. Stresemann, who, in the Treaty of Locarno, renounced for ever the German claim to a revision of the western frontier, could not be moved from his determination to leave open the problem of the eastern frontier. Year after year French diplomacy exerted itself in vain attempts to make Germany recognize the *status quo* in the East. In many international negotiations since the War, Germany has paid dearly for her stubbornness; time and again solid advantages were offered to her in return for a pledge not to seek a revision of her eastern frontier. Long before the Nazi dream of eastern expansion swayed official German policy, the recovery of the lost eastern provinces was one of Germany's principal objectives. Is it surprising that Herr Hitler's sudden *volte-face* in 1934, when he undertook not to attack Poland during a period of ten years, should have been widely suspected?

Professions of mutual goodwill have not altered either the magnitude of the territorial dispute between Germany and Poland or the determination of the one to recapture, and of the other to defend, the disputed lands. For all the pre-

to-day an army of over 600,000 and is rapidly perfecting the equipment of her land, sea, and air forces. In trained reserves Poland is still superior to Germany, but her armaments do not bear comparison.

Soviet Russia has practically completed the division of the Red Army into a western and an eastern unit. The western unit alone is thought to be twice as strong as the Polish army.

In these circumstances Poland fears that she may not be able indefinitely to plough her lone furrow; and if she were to join either of the two European groups to-day, she would not add decisively to its strength and could not exact a large price for her assistance. Her policy, therefore, is twofold: she has obtained French credits for the increase of her armed strength, and she is trying to avert the hardening of European relationships into two hostile camps. For the first purpose an agreement with France was concluded last September. For the second purpose Poland has found unexpected allies in Belgium and Yugoslavia. More than one plan which might have precipitated the final division of the Continent has since been thwarted by these three powers, who make skilful use of the parallel policy of England.

The future trend of Polish foreign policy will be largely influenced by domestic events. After the death of Marshal Pilsudski his disciples, the so-called "Colonels group", continued for a time to pursue the policy of their master. They were overthrown by the leaders of the army, who assumed control in 1936, Colonel Beck being the last of the Colonels to remain in office. Ultimate power rests to-day with General Rydz-Smigly, the Inspector-General of the army. He believes much less than the Colonels did in the durability of German friendship. While Colonel Beck is, for personal reasons, anti-French, General Rydz-Smigly is on cordial terms with the French General Staff.

At present two policies seem to be developing side by side: the policy of Colonel Beck and the Foreign Office, which leans towards Germany, cultivates friendship with Hungary, and carries on a futile but bitter feud with Czechoslovakia; and the policy of General Rydz-Smigly and the army, which leans towards France, though it abhors the Franco-

into one, and Poland will once again be balancing precariously in the centre of a giant see-saw. But whatever solution opportunism may dictate, the Nazi dream of a combined German-Polish attack on Russia finds no echo in Warsaw. Poland will never forget that she is, not perhaps the first, but certainly the second potential victim of the German programme of expansion.

The Baltic States

- Lithuania, Latvia and Estonia are linked by a three-cornered alliance which has led to genuine co-operation.
- ✓ The three countries were freed from Russian rule by the Great War; they are anxious to remain free both from Russian control and from Bolshevism. Like many small states threatened by stronger neighbours, they are staunch supporters of the League of Nations, and look for protection to collective action.
 - ✓ The Baltic States have been badly shaken by the revival of German power. They stand in the direct path of German expansionist designs. Their territory represents one of the regions selected by Herr Hitler for future German settlement. Apart from the Soviet Ukraine, it is to "Russia's border states" that Hitler wants to direct the new Germanic migration. Lithuania, in particular, has two special sources of anxiety. One is Memel, the other is her Polish frontier.

Memel is a little Baltic timber port of some 30,000 inhabitants. It is the oldest German town in East Prussia, and the German frontier had not been shifted for 500 years until 1919, when the Peace Conference was anxious to place a system of buffer states between Germany and Russia. Estonia with Reval, and Latvia with Riga, had adequate access to the sea, but Lithuania was land-locked unless it obtained Memel. So the port, with a narrow stretch of land inhabited by some 110,000 peasants, was separated from Germany and, pending a final settlement, held by the Supreme Council of the allied powers from 1919 to 1923.

✓ On January 10th, 1923, Lithuanian armed bands marched

upon Memel, exchanged a few shots with the small French garrison, and took over the government. After protracted negotiations, during which the British Government sent two warships to Memel, a proposal made by Mr. Norman Davies was accepted by all parties and confirmed by the League. ✓ Memel town and territory was retained by Lithuania, subject to local autonomy as defined by a statute guaranteed by Britain, France, Italy and Japan. In 1932 a decision of the Hague Court of International Justice confirmed that Lithuania holds full sovereignty over Memel. Difficulties soon arose from the fact that the population of the town is almost exclusively German, and that of the territory predominantly German in sympathy. The scheme set up under the statute provides for a freely elected Diet and a Directorate which holds office as long as it retains the confidence of the Diet. The President of the Directorate is appointed by the Governor, who in turn is appointed by the Lithuanian Government. Both Directorate and Diet could not fail to be dominated by the German element, and the Government eventually suspended both. The Lithuanians alleged that the Germans were working for reunion with the Reich. The Germans alleged that Lithuania was out to deprive them of their charter of freedom. There was evidence to support both views.

- ✓ In the autumn of 1935 a crisis arose. Germany strongly supported the claims of the Memellanders, and only the intervention of the guarantee powers prevented a major clash. In October 1935, elections were held, and the situation in Memel has since become more normal. The German Government, at that time engaged in important negotiations with the western powers, called off the agitation about Memel; the Lithuanian authorities restored the autonomous institutions. Less than a year afterwards, a trade agreement was concluded between Germany and Lithuania, and there was talk of a treaty of non-aggression.

But the recovery of Memel, like the recapture of Danzig and the Polish "Corridor", remains one of Germany's principal aims. If Herr Hitler is prepared to postpone the claim to a more favourable moment, it would be unwise to con-

sea-port would spell national disaster. Under the threat of German expansion, they have been drawn somewhat nearer to Soviet Russia. But although Soviet advice can occasionally be detected in the actions of the Lithuanian Government, the fear of Russia is second only to the fear of Germany, and nothing like a close understanding with Moscow has been reached or is likely to be reached.

The second problem of Lithuania dates back to 1920, when Polish troops invaded Lithuanian territory and occupied the city of Vilna. Vilna and a large tract of land north of the Niemen were annexed by Poland. Lithuania has never recognized that seizure. Although the Government is at Kovno (Kaunas), Vilna remains nominally the capital. The frontier has been hermetically sealed ever since 1920; there are no diplomatic relations between Lithuania and Poland. Efforts have repeatedly been made from both sides to normalize relations, but so far they have failed because Lithuania refuses to abandon her claim to the recovery of Vilna. ✓ Estonia and Latvia have been careful to exclude both the Memel and the Vilna problem from the obligations of mutual assistance between the three States. But on the whole the members of the Baltic entente hang together very well, in the knowledge that they would otherwise hang separately. The prospect before them is not bright. As soon as Germany is strong enough, she will take Memel in one form or another. "Aggression" is not necessary; a rising of the Memel population would do just as well, as the Lithuanians themselves showed in 1923, when they put forward this fiction as an excuse for their annexation of Memel. Beyond that, there is the danger, which may yet become more real than it is at present, of a German-Polish deal over Lithuania. Nazi enthusiasts in Berlin have worked it all out: Memel for Germany, the rest of Lithuania for Poland in return for assistance against any collective protectors of the victim.

Another plan, equally light-hearted, is to give Memel and most of Lithuania to Poland in exchange for Danzig and the "Corridor"; and, if that price were too high, in exchange for

Polish assistance in the German conquest of the Russian Ukraine. So far the Poles remain sensibly convinced that all such bargains with Germany would merely be used by the latter as a stepping-stone to later action against Poland herself. But in the background hovers the German eastward urge, crystallized by Herr Hitler and reserved, maybe, for a future time when the eyes of the other Great Powers might be averted.

Germany and Russia

Speculating upon the future of the countries east and north-east of Germany, one is driven to the conclusion that the issue hangs upon the future strength or weakness of the Soviet Union. As long as Germany is able to hope that at one time or another Russia's forces may be needed for a war in the Far East, all her assurances of good intentions must be taken merely as postponements of expansive schemes. It is with that idea in mind that Germany is cultivating her relations with Japan. Obviously a Soviet-Japanese war would be Germany's opportunity.

If, on the other hand, the war danger in the Far East is removed, or if the Soviet Union perfects her military, industrial, and transport arrangements to such a pitch that she becomes capable of facing two first-rate enemies simultaneously, the scope of German expansion will be greatly reduced. Possibly the Red Army would not move if Germany and Poland partitioned Lithuania. But nearer to Soviet territory the Russians would not allow Germany to come.

However, it is by no means safe to consider all problems of eastern Europe in the light of an inevitable German-Russian conflict. It is not rare in the history of international relations to see extreme hostility veer round to collaboration. For ten years after the War, relations between Germany and Russia were very friendly indeed. German industrialists and engineers took a prominent part in the industrialization of Russia. A close understanding existed between the Reichswehr and the Red Army. The bulk of the German working population, whether communist or not, looked to Russia with great admiration. Among the lower classes in Germany

the Russians, just as the upper classes feel akin to England. Russian literature has deeply influenced the mind of Germany for several generations. Germany, Janus-like, has a western and an eastern face. One can never be certain for how long one face will confront the world before the head is turned.

We are now speaking of more remote possibilities. But it should be borne in mind that under the Nazi régime the German people are being trained in a collectivism which has many points in common with that of Soviet communism. As long as Hitler remains Dictator of Germany, his intense hatred of the communist doctrine may hamper a close approach to Soviet Russia. Hatred, however, often yields to convenience. A future modification of German policy towards Russia, and perhaps a slow return to the early Bismarckian tradition of co-operation with Russia, should not be entirely ruled out.

Such a development is greatly feared in authoritative French quarters. It is quite possible, indeed, that one of the main reasons for the French determination to hold on to the Franco-Soviet pact is the fear that its abandonment would lead to a German-Russian *rapprochement*. As recently as 1931 Herr von Kühlmann, a former Foreign Minister of Germany, commented on German-Russian relations (in *Thoughts on Germany*, p. 310) as follows:

"A good understanding with Russia belongs to the oldest traditions of Prusso-German policy. Frederick the Great realized its importance and value. From the Wars of Liberation until 1866 and 1870 the Prusso-German successes were hardly conceivable without the implication of Russian support. The Emperor William I on his deathbed urged his successors to keep on good terms with Russia. . . . The maintenance of a good understanding between Germany and Russia, within the limits that the current course of events may determine, may be described as the oldest and strongest tradition of Prusso-German policy. Any régime in Germany, however designated, will be disposed to continue that tradition."

Herr von Kühlmann's words may yet prove to have been prophetic.

CHAPTER VI

THE DANUBIAN TANGLE

Austria

✓ AUSTRIA, pathetic survival of a great Empire, was cast by the authors of the Peace Treaties for the uncongenial part of main breakwater against the German tide. At the end of the War the Habsburg Empire, having outlived its cohesion, fell asunder. Large slices were absorbed by Italy and Poland, others disappeared in the formation of Czechoslovakia and Yugoslavia, or were taken by Rumania. A truncated version of Hungary survived to mourn its misfortunes. The new Austria was left with the empty colossus of Vienna and a strip of the Alps adjoining the Danube valley. The little country occupies not one but several of the strategic key positions of Europe. ✓ It stretches, a spiked barrier, between the German and Italian frontiers. It underpins Czechoslovakia, which would be almost an island in the German sea if Austria fell to the Reich.³ It is the dam separating Germany from the South-East of Europe.

Left to itself, the remnant of Austria would undoubtedly have joined the German Reich. The original draft constitution of the Austrian Republic contained in fact the statement that "Austria is a constituent part of the German Republic". Vienna, after all, had once been the centre of a German Empire, and it was only seventy years since Austria had been excluded from the German Confederation. The desire for union was mutual. The allies prevented it for very good, if not very high-minded reasons.

✓ After the decay of the Habsburg Empire, Germany was well placed for the domination of large tracts of South-East Europe. Although in these regions racial and national

traditions are exceedingly strong, centuries of Germanic influence have left deep traces. The administrative system of the Austrian Empire has gone to the roots of communal life; the German language and civilization have profoundly influenced the nations of the Danube basin.

✓ For centuries great hosts of German settlers, tempted by the lure of fertile lands, or seeking refuge from recurring waves of political oppression, have advanced down the Danube. They came, not to conquer, like the tribes who overran this part of Europe from the East, but to clear forests, to dry swamps, and to till the soil. Their neat, angular villages, scrupulously white-washed twice a year, are found all along the course of the Danube down to the Black Sea. ✓ These German communities, retaining their old-fashioned language and costumes, were used by Austria as a lever for the control of the non-German races of the Habsburg Empire. They might be similarly used by Germany if she were to incorporate the historic prestige and ruling experience of Austria.

✓ France was anxious to wall in the dangerous thoughts of the Germans. ✓ England may have thought then, as she is thinking now, that a Germany possessed of Austria might unearth her old ambitions towards the Mediterranean and the Middle East. Italy desired Germany to be as far away as possible from the Brenner frontier. So Austria's union with Germany was banned.

The little country of 6½ million people left the surgery of the Peace Conference as a helpless hunchback; the enormous hump of Vienna, housing nearly one-third of the country's population, could not be supported by the tiny hinterland. Generous help was given by the western Powers through the agency of the League. Gradually Austria awoke from the stupor of disaster. ✓ When, towards the year 1930, Germany showed signs of resuming an active foreign policy, Austria was the first objective of her reviving ambitions. Immediately the other Powers strengthened their hold. In 1931 a timid German attempt to bring about a customs union with Austria was quashed with crushing severity. When Herr Hitler, himself an Austrian, attained

power and proclaimed his aim to unite the two countries, resistance was redoubled. Italy, which had patiently built up a position of great influence in Austria, now assumed virtual control; but she lacked the tact and experience needed in handling a sensitive people. With Italian support, Dr. Dollfuss, the peasant leader, and Prince Starhemberg, chief of a Fascist "private army", abolished one by one the democratic institutions which had grown up under the leadership of the urban Socialists. Finally, in 1934, Dollfuss and Starhemberg crushed the Socialists by shelling their strongholds, the Vienna working-class tenements which are one of Europe's marvels. Without Socialist help the Government was powerless to deal with the Nazi movement which, financed and encouraged from Germany, had grown up in Austria.

✓ A few months later the Nazis rose, murdered Dr. Dollfuss, and came near to assuming control. They failed because they were badly led, and because Germany, frightened by the appearance of a large Italian force on the Brenner, abruptly withdrew her sympathy from the plotters. Austria was "saved"—but for how long?

In her opposition to German penetration of Austria, Italy had from the beginning the support of France and Britain. Her commission was confirmed in 1935 by the three-cornered agreement of Stresa, by which Italy undertook to protect the "integrity and independence" of Austria on behalf of the two other powers.

✓ The "Stresa Front" was broken by the Abyssinian war. England would no longer entrust a state which had committed open aggression with the task of preventing aggression elsewhere. When the war was over, Italy found the return to her former position in Europe difficult. Angered by the antagonism of the western powers, she approached Germany.

| And in July 1936 Signor Mussolini allowed the Austrian Government to conclude a political agreement with Germany.

The new agreement is no more than a truce. A certain measure of German influence in Austria is admitted; but Germany has recognized—what she denied before—Austria's status as a separate and sovereign power. No forecast is

possible as to the ultimate effect of the agreement. It may be that the Germans will succeed in gaining controlling influence in spite of the continued "independence" of Austria. On the other hand Italy may be able to keep the upper hand. Again, the first breach in the Italo-German hostility may widen into a genuine understanding, of which there is as yet little evidence.

Behind the Austro-German pact lies one solid consideration: Germany has become so strong that she could no longer be frightened, as she was in 1934, by the massing of Italian troops on the Austrian frontier. And if Italy cannot prevent Germany from overrunning Austria, there is no sense in her pretending to do so. She has met Germany half-way because she feared to lose all. England, sensing the vital change in military values, is cautiously making sure of her bearings for retreat. France is not done with attempts to underpin Austria, but even she cannot go farther than Italy is willing to precede her.

If for a moment one may listen to the still, small voice of the Austrians themselves, drowned as it is in the roaring Concert of Europe, two main trends can be discerned.[✓] The one desires to see Austria as a genuinely independent nation, living a quiet life of Christian culture in the lovely country that is hers, sheltered behind a guaranteed neutrality like that of Switzerland. The other would lead the Austrians back into the main current of European history, not as a pawn in the hands of the Great Powers, but on the side of one Great Power.

✓The first trend is represented, however imperfectly, by the present Austrian régime. It rests on the all-pervading influence of the Church. It has harnessed the Fascist movement to its wagon. Some of its leaders harbour a forlorn hope of creating new national focus for Austria by the restoration of the Habsburg dynasty. Undoubtedly there is a good deal of real Austrian patriotism behind these ideals. But this separate Austrian nationalism has grown out of the Franco-Italian desire that Austria should not unite with Germany; and its future prospects depend entirely on Franco-Italian policy.

The Italians have never been popular in Austria; since they became Austria's masters, their interference has come to be felt by many as a national disgrace. The Austrian will take advice from a Frenchman rather than an Italian, from an Englishman rather than a Frenchman, and from a German rather than from any one else. There are many good Austrians, far beyond the Nazi movement, who feel that their only chance of a dignified existence lies with Germany. They are not only ashamed of being Italian vassals; they are afraid also of being reduced to the mentality of a country living on the favours of foreign tourists, remote from the mainstream of civilization. If Germany is Nazi-ridden, that misfortune does not count in a choice of evils.

The fate of Austria, however, will not be decided by the Austrians. It will depend on the strength of Germany and on the readiness of Italy to sacrifice the Austrian safety-belt in return for a firm understanding with Germany.

Czechoslovakia

If Austria succumbs to German control in one form or another, Czechoslovakia will be almost surrounded by German territory. There are nearly three million Germans in Czechoslovakia, most of them living in the Sudeten districts adjoining the Reich. The rise of National Socialism in Germany has produced a similar movement, the Sudetendeutsche party, in Czechoslovakia. At the general election of May, 1935 it captured two-thirds of the German vote and became the largest party in the country. Its official leader, Herr Konrad Henlein—forty-ish, be-spectacled, pedantic, capable gymnastics teacher from Asch—affirms his loyalty to the Czechoslovak State. His rival, Herr Kasper, a trade-union leader and fighting Nazi, backed by students and unemployed of all classes, broadly hints that the Germans of Czechoslovakia should join the Reich. As the German districts are most severely hit by the industrial depression, a situation might easily arise in which Germany could find a pretext for intervention.

✓There is little doubt that Germany would like to absorb

the German districts of Czechoslovakia, and to gain such measure of domination as circumstances would allow over the rest of the country. What are the chances?

Czechoslovakia, the only really democratic country east of France, has a large army of doubtful practical value. In the eighteen years of its existence as a separate state, the country has hardly had time to weld together the different racial and lingual communities which make up its population. The imposing personality of Dr. Masaryk, the ex-President, and the continuity of the policy which he has pursued with the help of the present President, Dr. Benesh, have only begun to create a national consciousness. Military experts hold that the Czechoslovak army, which is first-rate in gunnery and air strength, could stem a German assault for 3-4 weeks,—not necessarily at the frontier. After that, all would depend on outside help. But by that time the German industrial centres of Saxony and Silesia would have suffered severe air bombardement.

Relations with two other neighbours, Hungary and Poland, are strained: Hungary resenting the loss of territory to Czechoslovakia; and Poland keeping up a rather artificial quarrel about the district of Teschen, which contains a substantial Polish minority.

✓ In 1934 M. Barthou, then French Foreign Minister, journeyed along the Danube with assurances that "France would unquestionably employ the last of her soldiers to help her eastern allies". Times have changed. To-day the western frontier of Germany is defended; to-morrow it will be fortified. To assist Czechoslovakia, France would have to risk a first-class war with a rearmed Germany—and a war in which England would possibly remain neutral. It is doubtful whether France could count on the collaboration of Italy. Czechoslovakia has some reason to be anxious about the French loyalty to the alliance.

The Little Entente, a three-cornered alliance of Czechoslovakia, Yugoslavia and Rumania, has been weakened by the strain of European tension. Yugoslavia, gripped by fear of Italy, would hesitate to deplete her defences in order to help Czechoslovakia against Germany. Rumania is torn by

conflicting political tendencies, one loyal to the Little Entente, the other favouring agreement with Germany. Even if it could be assumed that the triangular alliance would function, the combined forces of the Little Entente would probably be inferior to a determined German force unless the Western Powers, as members of the League, are prepared to help. Of that, after the Abyssinian experience, there can be little hope.

Remains the Soviet Union. Always the great unknown quantity of Russia appears to confound every European equation. In the Treaty of Mutual Assistance signed by Czechoslovakia and the Soviet Union on May 16th, 1935, the Soviet Government undertook to support the ally by military force in the event of an unprovoked attack. But the territories of the two allies are separated by Poland and Rumania, both of which are determined not to permit the transit of Soviet troops. No doubt, if Moscow were set on helping Czechoslovakia, the opposition of Rumania at least would not be insuperable. The great steel bridge over the Dniester, completed in October 1935, would facilitate the despatch of an expeditionary force. Rumania has started to build new railways, improving her communications with Czechoslovakia. A Rumanian-Soviet agreement on civil aviation was signed in 1936. A Red air force could in any case be sent at once, and Soviet staff experts have long surveyed the aerodromes and aircraft factories of Czechoslovakia with that contingency in view. But the fact remains that the Soviet Government could find an excellent pretext for not intervening. It will presumably be guided by its estimates both of the military strength of Germany and of the situation in the Far East.

Germany has already taken tentative precautions against Soviet intervention in Czechoslovakia. Soon after the signing of the Soviet-Czechoslovak Treaty, German staff officers held conversations with Polish and Hungarian experts, and General Goering saw to it that these talks were attended by spectacular publicity. "If the Bolsheviks are planning to use Rumania and Czechoslovakia as a corridor for the Red Army," ran a German statement of that time, "we shall use

Poland and Hungary as our field of deployment." No concrete agreements were made; both Poland and Hungary have since become chary of being used as pawns in the German game. But if German designs on Czechoslovakia should become a matter of immediate policy, these schemes would no doubt be revived.

Czechoslovakia remains exposed to the German tide, without the certainty that her allies will protect her. Herr Hitler has offered her a non-aggression pact, and some such agreement may eventually be signed. But to be effective, it would have to be followed by a closer understanding with Germany. Only by allowing German trade and influence to spread can German aggression be averted—or postponed.

Hungary

Hungary, heir to a tradition as great as that of Austria, lost almost two-thirds of her former territory in the débâcle of the Habsburg Empire. As a nation the Hungarians are proud, romantic and clever, with medieval notions of chivalry and feudalism. Ruled by a government neither dictatorial nor democratic, they have concentrated with extraordinary unanimity on the recovery of their lost lands. That purpose is first and foremost in any phase of Hungarian policy.

Many of the territories which have fallen to Czechoslovakia, Yugoslavia, and Rumania were not essentially Hungarian; others were. Officially no difference is admitted. The illuminated map displayed at Budapest, which shows the outline of the present and the former Hungary, suggests that the country aspires to the recovery of the conquests of a thousand years. In practice Hungary would probably be satisfied with very much less. But she means to rise once more to a prominent position on the Danube, and these aspirations prevent collaboration with the other Danubian states, which remain suspicious and even hostile.

Hungary's foreign policy has been guided entirely by the prospects of obtaining a revision of the post-War frontiers. First she looked to the League of Nations, then to England;

next to Italy; lately she has turned expectantly to Germany. A poor farming country, Hungary is unable to build up a first-class modern army, though she has long overstepped the limits set by the peace treaty. She has no war industries to speak of, and her few industrial centres are within cannon range of the Czechoslovakian frontier. But if she were supplied with armaments by a friendly power, and if her potential enemies were engaged by that power, the fighting qualities of the Hungarians would make up for the lack of numbers and funds. Next to the Serb, the Magyar is the best soldier in South-East Europe.

The present policy of Hungary rests upon friendship with both Italy and Germany. She is tied to Italy and Austria by the Rome protocols of 1934, which provide for economic co-operation and constant diplomatic consultation. Relations with Germany, resting on traditional sentiment, economic ties and admiration for German strength, have become intimate in recent years. The Hungarian Government has long tried to mediate between Rome and Berlin. In the Austrian question the Hungarians take a middle view between Italy and Germany. They would not like to see Austria join the German Reich; that would destroy their prospects of restoring Austro-Hungarian leadership in the Danubian area and would make them virtually vassals of Germany. On the other hand they would not take part in any purely negative measures to exclude German influence from the Danube basin.

The Austro-German truce of July 1936 has deprived this problem of its immediate urgency, but it has not changed its essence. Should Germany ultimately oust Italy from Austria, Hungary would be reluctantly compelled to join the German camp. She has no illusions about that prospect: though she might regain some of her lost territories, she would never again be a leading power on the Danube.

Yugoslavia

Yugoslavia, as it emerged from the world war, is the old Serbia enlarged by the Southern Slav provinces of the

Austro-Hungarian Empire and the kingdom of Montenegro. Belgrade has remained the capital, and the Serbs have made great efforts to centralize and unify their new country, which includes Croats, Slovenes, Bosnians, Montenegrins, Hungarians, and various other racial minorities. They have not succeeded. Yugoslavia is cleft from north to south by an invisible frontier which divides the Serbs, a fierce Balkan race steeped in Turkish traditions, from the Croats and kindred races long since assimilated to Western European civilization. The Serbs are mainly Orthodox Catholics, the Croats are Roman Catholics. The Serbs are accustomed to strong centralized government, the ex-Austrian provinces formerly enjoyed a considerable measure of autonomy. The Croats, with their centre at Zagreb, have always demanded a similar autonomy from the Belgrade Government; their leader, Dr. Matchek, holds that a federation would be the ideal structure for Yugoslavia.

✓ The attempt of the Serbs to counter these federalist tendencies reached its climax during the five years from 1929 to 1934, when King Alexander ruled as Dictator and suppressed the non-Serb nationalities with an iron hand. In the end, the tightened bow snapped, and the King was assassinated by Croat conspirators. Under the Regency Council which rules on behalf of the 13-year-old King Peter, the stern rule of the late King has been relaxed. But though, as a result, internal tension has lessened, no permanent solution of the Serb-Croat problem has yet been found. This problem is the chief reason for Yugoslavia's instability in her external relations.

The peace treaty gave Yugoslavia a long stretch of coastline on the Adriatic Sea, opposite Italy. But the exit towards the Mediterranean, a bottle-neck fifty miles wide, is controlled by Italy. For across this narrow passage the heel of the Italian "boot" confronts the little kingdom of Albania, which is firmly under Italian influence. Two problems are accordingly foremost in the Yugoslav mind: the danger that Italy might close the Adriatic Sea, and the still greater danger of an Italian bid for the Yugoslav coast itself. The Italians have already seized several important points of that

coast since the War: the two ports Fiume and Zara, and the island of Lagosta. The rapid growth of Italy's military strength during the past decade, and the failure of the League to prevent Italian aggression in East Africa, have increased Yugoslav fears to the point of jumpiness.

Until 1934 the basis of Yugoslav foreign policy was the alliance with France. It was then assumed that Franco-Italian rivalry, both in the Mediterranean and in South-East Europe, was a permanent fixture. But French policy changed. Soon after the emergence of the Nazi Government in Germany, France began to settle her differences with Italy. M. Barthou, conscious that France could combine her Danubian alliances with Italian friendship only if Yugoslavia was reconciled to Italy, tackled this problem with some initial success. King Alexander had just landed in France to discuss with the French Government a possible understanding with Italy, when both he and M. Barthou were assassinated. The murder of their King shook the Yugoslavs deeply. When it was discovered that the conspirators from whose ranks the assassin came had been encouraged by certain factions in Italy and Hungary, intense hostility arose against these two countries. A little later, the lenient treatment meted out to the accomplices of the assassin by a French law court made a disastrous impression on Yugoslav opinion, which was even more angered by Italy's refusal to extradite or punish the chief conspirator, Dr. Pavelitch. When in January 1935 Franco-Italian differences were composed by the Laval-Mussolini agreement, Yugoslavia was shocked and alarmed. From that moment she ceased to trust in France as a protector against Italy,—which means that she began to look elsewhere for that protection. 1935

After the downfall of French prestige in Yugoslavia the Little Entente passed through a difficult period. Ever since 1922 it had united Yugoslavia with Rumania and Czechoslovakia in a defensive alliance originally designed against Hungarian aggression but later employed for the general purposes of French policy. By 1934 the Little Entente had developed into a protective dam against German expansion. Yugoslavia was preoccupied with Italian, not with German

expansion. She knew that Czechoslovakia and Rumania, obedient instruments of French policy, could no longer be trusted to protect her from Italy. So Yugoslavia made contact with Germany.

Hardly had the first tentative advances been made to Berlin when the Abyssinian war broke out and the imposition of sanctions caused a grave economic crisis in Yugoslavia. Nearly half her foreign trade had been with Italy; when this trade suddenly ceased, she became choked with agrarian produce, timber, and other goods which had formerly been absorbed by the Italian market. Germany stepped in with huge orders; she ran up a colossal debt and claimed that she could only pay in goods. Accordingly, government and municipal orders for industrial plant, railway material, and similar goods were placed in Germany. Having gained outstanding economic influence, Germany was quick to exploit her advantage in the political field. A broad stream of German propaganda poured into Yugoslavia and achieved striking success.

But the rulers of Yugoslavia are well aware that Germany, though she might wish to see Italy weakened, would never actually send help in the case of Italian aggression. They suspect also that Germany aims at a foothold on the Mediterranean and means to use Yugoslavia to achieve that end. They realize further that Germany would, in any South-Eastern action, promise Hungary the restoration of some of her territorial losses; and though in exchange for Yugoslav support these compensations might be sought in Czechoslovakia and Rumania, there is no telling where a strengthened Hungary might stop. For all these and some other reasons Yugoslavia has not gone more than half-way towards Germany, and will probably never go farther. The Austro-German Pact, and its sequel, the tentative *rapprochement* between Germany and Italy, have put the Yugoslavs on their guard. For whatever happens Italy remains the chief enemy. Thus, under the guidance of the alert, versatile Prime Minister, Dr. Stoyadinovich, Yugoslavia will probably be content to put as many irons as possible into the fire and await events.

At the beginning of 1934, still under the influence of French policy, Yugoslavia concluded a treaty of mutual assistance, the so-called Balkan Pact, with Rumania, Greece and Turkey. Although Bulgaria did not join the Pact, and Albania, as Italy's vassal, naturally remained outside, the arrangement has consolidated Balkan relations. Turkey and Greece have become firm friends, and their collaboration with the two other partners in the Balkan Pact has proceeded with admirable smoothness. Yugoslavia's relations with Bulgaria have, after years of stern hostility, become almost intimate since 1934, when the military Government of Colonel Georgieff burnt out the Macedonian hornets' nest.

For a time the Balkan Pact worked very well; but something happened to it in the spring of 1936. Alarmed by the triumph of Italy over the League, Greece gave notice that mutual assistance under the Balkan Pact should not in future be obligatory in the case of aggression upon one of the signatories by a non-Balkan Power. As this could only refer to Italy, the Pact lost its chief value for Yugoslavia.

Within twenty-four hours—the Conferences of the Balkan Entente and the Little Entente took place consecutively at Belgrade—Yugoslavia once more sought shelter in the Little Entente. Where only a week previously sharp friction had been the rule, amity was suddenly restored. The prophets who had confidently predicted the early disintegration of the Little Entente were confounded. "Gentlemen," said M. Titulescu, the Rumanian Foreign Minister, to the waiting journalists as he left the vital meeting, "you will have the surprise of your lives." Only a few months earlier, at a similar meeting of the Little Entente, he had sarcastically remarked: "Don't run for the communiqué, there's nothing in it." The Belgrade meeting had changed all that. Within a month the heads of the three states—King Carol of Rumania, Prince Paul, Chief Regent of Yugoslavia, and President Benesh of Czechoslovakia, met ceremoniously at Bucharest, where shortly afterwards the chiefs of the three General Staffs foregathered to work out a common plan of defence. ^{"...The re-establishment of the Little Entente is probably not the last word of Yugoslavia. Her exposed position as a}

Danubian, a Balkan, and a Mediterranean country demands elasticity in foreign affairs. Fear of Italian aggression remains the pivot of her policy. As Germany draws closer to Italy, Yugoslavia will once again cultivate friendly relations with France. But she will leave the door open to further changes. Her principal aim, like that of Poland, is to prevent a hardening of European relationships which might compel her to side with either of the opposing camps. In the prosecution of this policy Yugoslavia will strongly support the parallel policy of Great Britain.

Rumania

Rumania's particular preoccupation is Bessarabia, the Russian province which she unexpectedly inherited after the War. The Soviet Government has never formally recognized the transfer, and for fifteen years the relations between the two countries were strained. In fact, no relations existed at all. The River Dniester, which forms the frontier between them, was never once crossed by train, ferry or rowing boat. Only desperate refugees, flying either from Rumania to the Communist paradise or from Russia to the capitalist Eden, dared face the bullets of the frontier guards. The long steel bridge between Tighina and Tiraspol, the principal link between Russia and South-Eastern Europe, had been blown up in the Russian civil war. Its twisted skeleton remained, a symbol of the "dead" frontier. Some years ago the Soviet Government had the bridge rebuilt up to the middle of the river; but this gesture, at first, found no response from the Rumanian side. Rumania would not restore normal relations with Soviet Russia until the latter had recognized the transfer of Bessarabia. Rumania trusted to her alliances with France, with Poland, and with the partners of the Little Entente. She felt no particular reason to treat with Moscow.

In 1933 the ice began to break. With the appearance of Herr Hitler on the European scene and the consequent change in the foreign policy of Soviet Russia, Rumania had to take new bearings. During the London Economic Conference of 1933 MM. Titulescu and Litvinoff signed a Soviet-

Rumanian pact of non-aggression embodying the celebrated "definition of the aggressor" devised by M. Politis, the Greek Minister in Paris. ✓ This formula provided that any attack upon territory "actually occupied" by another state amounted to aggression. With such a document in his pocket M. Titulescu did not have to press any longer for explicit recognition of Rumanian sovereignty over Bessarabia. In 1934 diplomatic relations between Bucharest and Moscow were taken up, and soon afterwards the Dniester bridge was completed.

The next turn of the wheel was the conclusion of the Franco-Soviet and Czechoslovak-Soviet mutual assistance pacts. It has already been explained that the Soviet Government can carry out its obligation under these pacts only by sending troops across Rumanian territory. ✓ In spite of persistent French encouragement, Rumania has not joined her two friends in signing a pact with Soviet Russia. She has not definitely declined to do so, but there are good reasons why she is not likely to make an early decision. For one thing, Yugoslavia, whose collaboration in the Little Entente is highly valuable to Rumania, remains rigidly opposed to the Soviet régime, and even refuses to take up normal diplomatic relations with Moscow. Again, the trend of Rumanian domestic politics is unfavourable to a closer understanding with Soviet Russia. The parties of the Right, impressed by the strength of Germany and sceptical of French goodwill, are urging that Rumania should jump the net of Franco-Russian policy altogether. Time and again M. Titulescu had to employ all the ruses of his craft to keep his country in line with France and the Little Entente. His dismissal in August 1936 has opened the door to German influence.

Loyalty to France is, however, based on an old and vivid tradition. French language, literature, fashions and customs dominate the urban civilization of Rumania. Not without cause is Bucharest called Little Paris. Rumania will be the last of France's allies to desert her. But there is no mistaking the profound unsettlement produced by the revival of German power and the breakdown of collective action.

The countries of South-East Europe are hoping against hope that the collective foundations of peace may yet be repaired; but they are anxiously exploring the alternatives. More and more clearly it is felt in these countries that the only effective check to the expansion of German influence might be provided by Soviet Russia; and Moscow in the role of protector inspires more suspicion than confidence. All that can be said of Rumania, as of Yugoslavia and Czechoslovakia, is that she is preparing for the dreaded moment when Eastern Europe will be abandoned by the West and *sauve qui peut* will be the order of the day.

Bulgaria

War allies and fellow-sufferers of Germany, the Bulgarians have long sulked in silence. They are modest, brave, industrious peasant folk, ruled by a fairy-tale king who walks alone in the street, drives a train, and is addressed by the villagers, who love him, with the intimate "thou". While they will tell you at Budapest or Belgrade that Hungary or Yugoslavia—as the case may be—is of vital importance to the destiny of Europe, at Sofia you are more likely to be told: "We are such a small, insignificant country; no one takes any notice of what we say. We are happy enough if we can live unmolested."

Cruelly dismembered by the Balkan Wars, Bulgaria wants access to the Mediterranean, but is content to wait until she can procure Greek agreement. She has increased her army somewhat beyond the narrow limits of the Treaty of Neuilly, but rearmament is still on a modest scale. In front of the National Theatre at Sofia an aeroplane is exhibited day and night for the edification of the citizens. Soldiers in steel helmets exercise profusely, and the new air force of a few score planes shows itself with obvious pride. If she were seriously to rearm with the help of German equipment, Bulgaria could put a formidable force into the field. To be effective, however, it would have to co-operate with Yugoslavia. Relations between the two Slav states have indeed become quite close since the first contacts were made in

1934. Unofficially there is a good deal of discussion about a federation of the two countries, though this plan has little responsible support in either country.

✓ Bulgaria first awoke from the sleep of honourable isolation in 1934, when the Military League seized the Government, sent Parliament packing, crushed the Macedonian terrorists, and established friendly contact with Yugoslavia. The military Government did not hold out long, and King Boris has since made cautious attempts to restore democratic institutions without provoking the anger of the army officers.

The name of France is almost forgotten in Bulgaria. Feelings for Italy are slightly more friendly, mainly because the Queen, who is popular, is an Italian Princess. The chief external influence on Bulgaria comes from Germany. The two countries have common war memories; the King's father lives at Coburg on a sumptuous pension from the German Government and is on intimate terms with the Nazi régime. Until lately friendly relations with Germany were a matter of course, but not of great importance. What has happened of late to change these relations is best told in the figures of Bulgarian foreign trade. In 1932, Germany's share in Bulgaria's exports and imports was twenty-five per cent.; in 1934 it was forty per cent.; in 1935 it exceeded fifty per cent.; in the first half of 1936 it had nearly reached two-thirds. This sensational development, which was accelerated by the stoppage of trade with Italy during the sanctions period, has delivered Bulgaria into German hands body and soul. She has become a German outpost in the Balkans. No alternative is left to her. It is not merely a case of keeping a good customer; Bulgaria has actually adapted her production to a substantial extent to specific German requirements. Many thousands of acres are being devoted to soya beans solely for Germany; cotton growing has been started; the mineral resources of the country, which are believed to be very extensive, are being opened up under German direction. Although King Boris is deeply anxious over the growing dependence of his country on Germany, it is hard to see what Bulgaria can do except travel in the German wake.

Greece

Greece is more a Mediterranean than a Balkan country, and its policy will be considered in connection with Mediterranean problems. But as a member, with Turkey, Rumania, and Yugoslavia, of the Balkan Entente—an informal name for the signatories of the Balkan Pact of 1934—Greece cannot be excluded from a survey of Balkan affairs. Moreover, it lies in the path of future German south-eastern expansion.

Greece has lately passed through a short but violent crisis which was miraculously replaced by an internal peace such as the country has not known for a generation. Within twelve months the Greeks experienced revolution and civil war, restoration of the monarchy, the sudden deaths in quick succession of four outstanding statesmen, and the setting-up of a dictatorship. The revolt of 1935 was the last of a series of violent upheavals caused by the national division into the followers and opponents of M. Venizelos. His opponents, led by the would-be dictator, General Kondylis, whom the army gave the name of "the thunder-bolt", won the civil war. Kondylis proceeded to recall the ex-King George from his exile in England, intending to set up a dictatorship under a puppet monarch. The plan miscarried; the King dismissed Kondylis and began to work for a national reconciliation. His task was favoured by the gods, who suddenly called all the outstanding figures of the domestic strife from the earthly stage. General Kondylis died, leaving the army faction leaderless. The great Venizelos, whose dynamic power had rent the nation for thirty years, ended his full life in France, leaving both friends and enemies to look for new loyalties. Death claimed also M. Tsaldaris, leader of the moderate anti-Venizelist party; again the national rift narrowed a little more. The King was thus suddenly presented with a chance of effective royal leadership. For the first time since the War Greece began to devote to constructive ends the energies which have hitherto been wasted in a futile constitutional and personal struggle.

The National Assembly elected in 1936 proved incapable

of practical work, as the two largest parties were equal in strength but would not co-operate. When, in August, the Liberal party tried to sway the parliamentary balance by coming to terms with the Communists, the Prime Minister, General Metaxas, intervened. Parliament was suspended, martial law was declared, and without incident General Metaxas appointed himself Dictator on behalf of the King. How the experiment—so familiar in Greece—will affect domestic affairs cannot yet be judged. But neither Metaxas nor the King are cut out to be autocratic rulers. Quite probably their dictatorship will be merely an incident on the way to lasting national union.

The elements of Greek foreign policy are easily stated. First place must be given to the fear of Italy. The Abyssinian war and the Anglo-Italian rivalry in the Mediterranean which it revealed have made the Eastern part of that sea one of the potential danger zones of the world. Greece, with her long coast-line and mass of islands, sees herself exposed to the expansionist designs of Fascist Italy. In response to this menace Greece has drawn closer to Turkey, cultivated her ancient friendship with England, and disengaged herself from some of the commitments under the Balkan Pact. She entertains friendly relations with Germany, but remains on guard against undue German influence. Greece was the first of the South-Eastern countries to resist the German commercial penetration: she stopped selling to Germany when the outstanding debt became unmanageable, and reserved a substantial part of her foreign orders for non-German suppliers, particularly for England.

Danubian Federation?

Ever since the War it had been widely realized that stability on the Danube was one of the conditions of lasting European peace. All attempts to bring about such stability by political methods were wrecked by the rivalry first of two, and later of three Great Powers—France, Germany, Italy. Moreover, it proved impossible to reconcile Hungary's determination to regain her lost territories with the

firm resolve of the Little Entente Powers to defend the structure set up by the peace treaties.

No one has ever disputed that the troubles of the Danubian countries could be easily solved on purely economic lines. Not a single flaw can be found in the scheme for an economic federation of the Danubian countries which has occupied the agenda of a distinguished committee of research for many years. The trouble is that the nations of Europe will starve rather than abandon an inch of territory, a paragraph of treaty rights, or a tittle of national prestige. Expressed in commercial terms the problem is quite simple. Hungary, Yugoslavia, and Rumania are mainly agrarian producers; Austria and Czechoslovakia are largely industrialized. The two latter countries could not absorb more than a part of the exportable agrarian surplus of the others. The only outside markets that could absorb the rest are Germany and Italy. If it had been possible soon after the War to bring about commercial agreement among the Danubian States and additional agreements with Germany and Italy, all would have been well. But political rivalries proved too strong.

Here is a list of the more important schemes put forward in recent years for the solution of the Danubian problems.

1. In 1931 the French Government proposed the establishment of a central marketing organization for the grain surplus of the Danubian States, supplemented by agreements between their industries, and loans floated in the West of Europe. Nothing came of the scheme. In 1932 M. Tardieu, then French Prime Minister, proposed a system of preference duties among the Danubian States for both agricultural and industrial goods. The plan was smashed by Germany, who would have had to surrender valuable commercial advantages. In the same year a conference met at Stresa to consider the Danubian problem. It elaborated the Tardieu plan for co-operation among the Danubian States, but failed to solve the question where the surplus produce was to be sold, Britain, this time, obstructing progress.

One after another these academic or mischievous schemes came and passed, while the peasants of the Danube valley went on tightening their belts. Next appeared the Italian

plan of 1933, combining economic co-operation with a political "pact" which was to guarantee Danubian Europe against territorial changes. As this plan, like some of its predecessors, had an anti-German bias, it came to grief. The huge agrarian surplus of the Danubian countries cannot be absorbed at all unless Germany is willing to take the bulk of it; and the Germans would be more foolish than they are if they did not insist on commercial and political advantages in return.

It has proved impossible, and it is now too late, to stabilize the Danubian area on its own resources. Economic necessities, so long disregarded, have at length erupted the political superstructure. It happened in this way: after 1933 Germany was at first unable to break through the political ring which France and Italy had laid around her. Then she perceived that there were no economic foundations to this ring. She decided to burrow her way beneath the bastions that confronted her. Before long the tunnels had become so large that the masonry began to crack. Germany obtained predominant economic influence throughout Danubian and Balkan Europe. The German *sortie* towards the South-East was one of the most sensational and certainly the most unexpected of the events that marked the transformation of Europe after 1933.

Germany Breaks the Ring

- ✓ Faced with an acute scarcity of raw materials and lack of export markets, Germany began in 1933 to increase her imports from the agrarian countries of Danubian and Balkan Europe. Within two years German purchases of cereals, fruit, livestock, tobacco, timber, oil, and non-ferrous metals were doubled.
- ✓ Starved of foreign credits and unable to pay for her imports by adequate exports, Germany chose the simple expedient of not paying at all. That method, which in the case of Western countries would have quickly led to stoppage of supplies, delivered the South-Eastern countries into Germany's hands. Hungary, Yugoslavia, Rumania, Bul-

garia, Greece and, to a lesser extent, Turkey were choking in their surplus produce. They had no choice but to sell on the purchaser's terms. Germany allowed her trade debts to accumulate to what were for these impoverished countries huge sums. The creditors complained, and Germany replied that she could pay only in goods. The result was that all these countries diverted a large part of their normal import orders to Germany, and that government contracts for armaments, railway material, bridges, industrial plant and machinery were placed with German firms.

But that was not the only result of the ingenious policy which was the invention of Dr. Schacht, the German Minister of Economic Affairs. Simultaneously with the increase in ordinary commerce, Germany pursued a planned policy of capital investment. She obtained a footing in the important mining industries in Yugoslavia and Rumania, whence she draws supplies of copper, lead, zinc, antimony, mercury, bauxite and other raw materials vital to her heavy industry. She financed the growing of soya beans on a large scale. (Junkers have built an aero engine that runs on soya bean oil.) She secured assurances that the production in several of these countries would be adapted to German needs by a change-over from food crops to industrial crops (hemp, cotton, soya beans, etc.). Gradually one country after another became dependent on the German connection, a development which was hastened by the cessation of trade with Italy during the sanctions period.

In time Germany hopes to gain in the Danubian and Balkan countries a secure basis for her food and raw material requirements as well as a steady market for her manufactures. But it would be rash to assume that the further advance of German commercial penetration will be as easy as has been the first sally. More than one of the countries concerned is suspicious of German designs and willing to make sacrifices rather than submit to complete economic dependence on Germany. Italy, moreover, has now reappeared as a large purchaser in South-East Europe, and France is beginning to resume her former part in the trade and finance of her allies.

It is, however, safe to assert that it will in future be impossible to attempt any economic solution of the Danubian problem without full, and even leading, participation of Germany. If at one time the Danubian problem might have been solved, politics permitting, by close collaboration between the succession states of the Habsburg Empire, that opportunity has now slipped away. Germany has entered South-Eastern Europe, if not as a champion, at least as a semi-finalist.

Economic penetration could not fail to affect political relations. The sudden growth of German commercial influence creates vested interests among groups which profit from increasing trade with Germany. The supply of industrial plant for armament factories and of military equipment creates intimacy between Governments and gives the supplier an inside knowledge of the armaments policy of the purchaser. Merchants pay visits to Germany, and German commercial travellers flood the south-eastern countries. The German language assumes outstanding importance in education. Public opinion grows accustomed to the argument that thanks are due to the country which gave economic relief when the slump was at its worst. Add to these natural developments the well organized and amply financed propaganda issuing from both official and unofficial sources in the Reich, and the picture is nearly complete. In Hungary and Bulgaria the Germans have already won. In Yugoslavia they have at least made sure of a large measure of public sympathy. In Rumania, the parties of the Right and the Fascist movement of the Iron Guard are fiercely attacking the Government's policy of loyalty to France and the Little Entente. M. Titulescu, for twenty years the protagonist of a Francophil policy, has fallen.

The Austro-German truce has pierced the dam which separated Germany from the South-East. However suspicious Austria may be, she is eager to enter the race for the German market. In the end, Czechoslovakia will find herself standing on quicksand. Rather than be overrun by a German army, the wise and far-seeing masters of Czechoslovakia may one day make their terms with Germany.

Admittedly this sketch is speculative. Perhaps the suddenness of the German penetration has made it appear deeper than it actually is. Certainly Germany has had a clear run while Italy was cut off by sanctions and France and England were absorbed by their dissensions. Setbacks to the German advance are by no means unlikely.

But things have gone too far for a German retreat. Germany has awakened to her old ambition of dominating Central and South-Eastern Europe. Once drawn into this direction her aspirations will inevitably reach further: a German place in the Mediterranean sun has already become a recognized Nazi aim. Should wisdom forbid provoking friction with Italy on the Adriatic, an alternative route may be chosen, via Rumania, to the Black Sea. From there to the old dream of the Berlin-Baghdad railway, of a "German India" in the Middle East, is not a large step.

Germany can still be fought in the South-East; but she can no longer be diverted from it for any length of time.*

*The German advance has since been checked by various developments: A
Italy has unexpectedly had the best of the bargain she made with Germany in 1936. Italian influence has hardly declined in Austria and greatly increased in Czechoslovakia, Rumania, Greece and, surprisingly, in Yugoslavia. An Italo-Yugoslav agreement was signed in March, 1937, restoring correct and possibly friendly relations, though not necessarily affecting the independence of Yugoslav foreign policy. French activity in South-East Europe has considerably revived, while, with the rise in commodity prices, the economic dependence of the Balkan States on the German market has lessened.

Czechoslovakia has very substantially strengthened her defences; Soviet Russia's intervention in the event of a German assault on Czechoslovakia has become more likely; Rumania's opposition to the passage of Russian troops has weakened. Finally, the British re-armament plan has heartened the small nations everywhere.

CHAPTER VII

MEDITERRANEAN CRISIS

Italy Takes the Lead

IN THE AUTUMN of 1935 Signor Mussolini tore the veil from the tangle of conflicting European policies. Having tied up France and Germany so that they could not take their eyes off each other, he challenged England—and got away, after some passing anxiety, with a loot which might have thrilled Cæsar. Abyssinia! A new Roman Empire at last: command of the Red Sea: an essential interest in the Suez Canal: a triumph of prestige all the greater for having been snatched under the indignant eyes of Britain. Italy had revealed herself as a first-class naval power, claiming a predominant position in the Mediterranean Sea on the very highway of the British Empire.

Great Britain had held naval supremacy in the Mediterranean for a long time. The cutting of the Suez Canal made that sea the main artery of the Empire. With Gibraltar and Aden firmly in British hands, with Malta as a midway-fortress, and with Suez protected by the control of Egypt, the British route was assured. It was further strengthened, at the turn of the century, by a firm understanding with France. After the Great War, the partition of the Turkish Empire and the withdrawal of Russia from the Mediterranean scene left Great Britain in indisputed possession. Egypt was a British protectorate, Palestine and Iraq became League mandates under British control. Who was left to challenge Britain?

Germany, who in the years preceding the Great War had become a serious menace to British Mediterranean interests, was forcibly evicted—one of the major British gains from the

War. In 1923 Lord Allenby, discussing* the chances of concluding a compromise peace in 1917, said: "In that case Germany would have been left dominant in Austria, the Balkans, Turkey and Syria, with an open road from the North Sea to the Persian Gulf. She would have won all she fought for, supremacy in Europe and easy access to the East. With the defeat of Turkey and the defection of Bulgaria, Germany's road to the East was cut, broken beyond repair."

Lord Allenby was defending the Middle Eastern campaign of 1917/18, which under his command broke the Turkish power and removed the German threat. It has been shown in the preceding chapter that Germany, twenty years after her defeat, is now renewing her approach to the Mediterranean. Long before this became a reality, the balance was upset by an offensive from an unexpected quarter. Italy took the lead.

- ✓ Italy had been a member of the Triple Entente, with Germany and Austria, until 1915, when she joined the allied side in return for lavish promises. Some of these were kept, others were broken. Italy got some 5000 square miles of formerly Austrian territory, extending her frontiers to the Brenner Pass and the port of Trieste. But though her privateers, led by Gabriele D'Annunzio, annexed Fiume soon after the War, Italy's cherished hope of a large stretch of the Adriatic coast was thwarted. In Africa, where she had hoped to gain wide territories, she had to be content with a few oases in the Libyan desert. In the Middle East she was excluded from the sack of the Turkish Empire.
- ✓ Ever since her delegates had returned from the Paris peace conference disappointed and humiliated to boot, Italy had nursed a deep grievance. Fascism rode to victory on the heart-throb of national frustration, as Hitlerism did ten years later.

Signor Mussolini interpreted correctly the Italians' itch to be taken seriously. Whatever else has contributed to the shaping of Fascist foreign policy since 1923, its first motive was to make the other powers sit up. Italy was to be a Great

*Published in Mr. Lloyd George's War Memoirs.

Power herself. She would silence the patronizing contempt of Europe which had found historic expression in the sneer of Thiers: "The Italians never fight." The memory of Caporetto must be wiped out. And gradually what began as a display became a serious business.

Like Hitler, Mussolini learnt from his early reverses. He had to give up Corfu, as Hitler had to yield Austria, because the "smash-and-grab" had been clumsy and ill-prepared. In 1925 the Duce set about laying the foundations for an Italian victory which none would dare dispute. Long before General Ludendorff wrote his thesis on the "totalitarian war", Mussolini conceived the idea that a nation should be prepared for war in every phase of its life. Education, science, industry, finance, press and propaganda—all must be shaped with a single end in view. Political opposition must disappear; government and ruling party must watch and guide all activities, private and public, of the population; banks and essential industries must be brought under state control; home production must be increased and dependence on foreign supplies lessened. These were the lines of Fascist policy for ten years—and they went far towards success.

Meanwhile the army was increased and reformed out of all recognition. From a rabble of ill-disciplined, bewildered soldiery that had returned from the war, patient training produced an efficient conscript army that could show its face in Europe. In 1934 the appearance of a few Italian army corps on the Brenner Pass frightened Herr Hitler into dropping his Austrian venture. In 1936 Mussolini boasted that he could put eight million trained men in the field, and he did not exaggerate unduly. A formidable air force, provided with excellent machines of Italian and American design, was gradually built up. But the crowning achievement was the expansion of the Italian navy.

✓ It was done quietly at first, and when, in 1925, Italy began to demand naval parity with France, she was not taken very seriously. ("These Italians! Eyes always bigger than the mouth. They've got neither the men nor the money to build a real navy.") Later on the French, at least, took notice. Part of the French navy was tied to the Channel by

the growing naval force of Germany; parity would mean Italian superiority; and at the rate at which Italy was building that danger was not entirely unreal. France refused the Italian demand with increasing firmness. Italy proceeded to take what was not given. Great Britain, anxious only to improve her relations with Japan and the United States, could not be bothered with Italy. Neither France nor Italy signed the London Naval Treaty of 1930; but a treaty had to be signed, and Mr. MacDonald signed it. The British navy was severely restricted, while Italy doubled her naval programmes.

The Italians had always been splendid shipbuilders. They were not afraid to try bold, modern designs. Within ten years they had put in commission a navy equal, if not superior, to the French Mediterranean fleet. Compared with the British Mediterranean fleet, Italy had twice the number of cruisers and destroyers, eight times as many submarines, and many more small craft. Moreover, the Italian vessels were, ship for ship, newer and faster than the British. And they were building the two largest and fastest battleships in the world. The naval personnel had been rejuvenated and thoroughly trained. Coast defences had been strengthened; many new naval and air bases had been established both in Italy, including Sicily and Sardinia, and on the Ægean islands.

The transformation of Italy was not generally realized until it was too late. Unable to take the Italians seriously, people in other countries praised the Fascist régime for making trains run to time, reclaiming marshland, building fine roads (for tourists), and stabilizing hotel prices. Alternatively, they condemned it for suppressing civil liberties, crushing trade unions and political parties, and eliminating its opponents by violence. Few observers—and these did not include the British Government—saw that the first thirteen years of Fascism were spent in preparation for war. A weapon so carefully forged must be used lest it go rusty.

Downing Street, moreover, felt secure in the knowledge that Anglo-Italian relations were traditionally friendly, and that in any emergency France could be relied upon to place her resources at Britain's disposal. Combined, the fleets of

France and Britain could always maintain the Mediterranean peace.

Signor Mussolini had tried peaceful expansion and found it wanting. His attempt to get a footing on the Balkans caused the Balkan powers to sink their differences, which he had hoped to exploit. The Balkan pact excluded Italian influence from the Peninsula. The Duce proclaimed the "historical mission of Italy in Africa and Asia"—meaning Anatolia and Abyssinia—but all he got was an oasis in the Libyan desert which the British abandoned in 1934 because they were tired of quarrelling about it. More successful was the Italian penetration of Austria and Hungary; but the hold was insecure, and Germany, whose diplomatic support was badly needed, fiercely resented the blocking of her own advance. The only tangible success of peaceful Italian expansion was achieved in Albania.

The little mountain kingdom of Albania possesses oil-wells and an Adriatic coast-line which in Italian hands can be used to bottle up the Yugoslav navy in the Upper Adriatic. Vast sums of Italian money have been sunk in Albania, partly as subsidies for King and Government, partly for the development of oil and other resources. There have been several setbacks, but for the past few years Italian influence has been supreme. By the treaty of March 1936 Italy was given new oil concessions, control of the tobacco monopoly, and various commercial rights which consolidated her hold over Albanian trade. Although the Albanian army is no longer trained by Italian officers, nearly every other part of public life is controlled by Italian "advisers". New roads and railways are being built. Oil production will be stimulated by the establishment of a refinery at Vallona, and the harbour of Durazzo will be enlarged under Italian supervision. An annual subsidy of £200,000 is paid to the Albanian Government, and loans exceeding £1,000,000 are to be granted for development purposes. Far larger sums are being invested in Albania by various semi-public companies. There are persistent rumours that the heights of Vallona, which command the entrance to the Adriatic, are soon to be fortified by the Italians.

Valuable as the control of Albania is to Italy, it was a paltry reward for thirteen years of diplomatic labour. With a population increasing by 400,000 a year, and deliberately taught to want more room to live in, with the resources of national wealth mortgaged for armament and kindred purposes, Italy was bound to become impatient with the slow progress of peaceful expansion. She had a first-rate navy, a big air force, a huge army; she had keyed up her industries to war pitch and laid in emergency stores. And in 1935 the gods sent her a diplomatic opportunity which was too good to be missed.

A war it had to be. It was a war against Abyssinia because no other campaign offered equal chances of success. Why did the venture succeed?

A Game of Bluff

At the end of 1934 the diplomatic situation confronting Signor Mussolini was somewhat as follows. Germany, having left the League of Nations and spent two years rearming, was anxious to come into the open as a first-class military power; she was afraid of isolation, and fishing for Italian support. France, in the midst of domestic trouble, was frantic with fear and fury over the German revolt against the peace treaty. England, as ever, was placidly urging moderation; harassed by a powerful pacifist and isolationist agitation, she seemed quite unwilling to commit herself to intervention in Europe.

If Italy played skilfully on the German fear of isolation and the French fear of Germany, England would be neutralized. More than once British Governments had told Mussolini that they would not object to the economic preponderance of Italy in Abyssinia, as long as he did not endanger immediate British interests. This, at least, was the interpretation he placed upon the 1925 agreement. He would give the necessary assurances, and if England still objected, she could intervene only at the cost of a major war. While such local actions as are decided on by the Services are not uncommon in the British Empire, a real war is a matter for parliament

and public opinion, who would do anything rather than approve of war. In any case, the British navy was not what it had been, and Italy had a splendid fleet herself, with plenty of modern 'planes. No, England would not risk war —least of all without the help of France.

✓ For years British diplomacy had urged Mussolini to compose his quarrel with France. A Franco-Italian understanding was believed to be a necessary condition for a subsequent understanding with Germany, leading to pacification all round. ✓ In January 1935 Mussolini signed an agreement with M. Laval, the French Premier. The long-standing dispute over naval parity, colonial policies, and a few other matters was patched up. But that was not all. Laval went further than the British Government had expected. ✓ He virtually assured Mussolini of French neutrality in the event of an Italian assault on Abyssinia. In return he received something which, to France, was far more valuable than the liberty of a remote black Empire: Italy agreed to withdraw her troops from the French frontier, enabling France to transfer seventeen divisions to the German frontier. In addition, Italy promised to oppose German interference in Austria, and not to irritate the French in North Africa. As for the League, the two statesmen agreed that at a time when the peace of Europe was gravely threatened by Germany, no one could think of using the collective machinery against one of the staunchest supporters of "the peace" if he engaged in a "colonial expedition".

British diplomacy at once realized the danger, and devised a counter-plan. From scattered evidence the nature of the scheme can be guessed: immediate agreement with Germany, strong pressure on France, and a powerful warning to Italy that her escapade would not be tolerated. Perhaps Mussolini would have found means to thwart such an action; but there was a fair chance that, once his bluff had been called, he would have given in. The British Cabinet missed that chance.

Mr. MacDonald was Prime Minister, Sir John Simon was Foreign Secretary. Both were inclined to delay decisions and hope for the best. Mr. Baldwin, the virtual head of the

Government, did not take a deep interest in foreign affairs. A few half-hearted Notes were dispatched to Rome, mentioning politely that the British Government would take a serious view of any disturbance of the peace. But in June, Mr. MacDonald and Sir John Simon went to Stresa, saw Signor Mussolini constantly for several days, concluded with him a diplomatic agreement of the highest importance—and did not so much as hint that all co-operation would become impossible if he went to war. The Duce, recalling the mild admonitions he had received, must have expected a sterner warning. When both the Prime Minister and the Foreign Secretary of Great Britain, knowing his plans, did not even mention those earlier messages, Mussolini must have felt certain that Britain was giving him the right-of-way.

Assuming that in the spring of 1935 a determined diplomatic intervention on the part of England could have confounded Mussolini's scheme and prevented the Abyssinian war, Mr. MacDonald and Sir John Simon must bear the blame for the disaster that followed. In view of certain evidence which cannot be discussed, it is highly probable that their responsibility was not merely departmental but personal.

British policy took a long time to rise to the occasion. When it did, it was with an exuberance of speech and energy out of all proportion to the possibilities which then remained.

There is nothing improper, in a democratic country, in the suggestion that the voice of eleven million people, expressed in the famous Peace Ballot, revived the National Government's interest in the League of Nations. For years it had been regarded as a welcome instrument in preventing minor disturbances such as the threat of war between Hungary and Yugoslavia after the assassination of King Alexander. But the idea chiefly associated with League policy was that one had to elude an unending series of cunning French attempts to draw England into the network of pacts centred at Geneva. It had always been France who had insisted on the letter of the League Covenant, while England, in defence, pleaded equity and common sense. It had always been France who had wished to apply collective punitive action against treaty-breakers, while England had maintained that

treaties were not everything, and that people, after all, occasionally want to stretch their legs.

It happened that in the spring of 1935 there was one member of the Government who took a more positive view of the League of Nations. While Sir John Simon, the Foreign Secretary, was still thinking and acting in terms of "power politics", Mr. Anthony Eden believed that under British leadership the League might yet be transformed into a genuine instrument of European appeasement and accommodation. As "Minister for League Affairs" he had secured a signal personal success at Geneva in settling the Yugoslav-Hungarian dispute. He also wanted to be Foreign Secretary. Young men are not usually allowed much rope in British politics—but the Government had been alarmed by the size of the Peace Ballot; League action against Italy happened to coincide with British Imperial interests; a policy seemed to be taking shape which might, after a cautious test in the Mediterranean, be applied later to the solution of the German problem. So Mr. Eden was given authority to mobilize the League for a collective threat, and if need be, for collective action against the aggressor.

The British public responded magnificently. In a dramatic heave of national emotion all party strife was laid aside. To prevent the war, or to stop it after it had begun, was a task that roused the finest feelings of the people. They were ready to make great sacrifices for the cause of peace and justice.

✓At this point the Government was swept off its feet by the intoxication of easy success. Sir John Simon was removed from the Foreign Office. When Sir Samuel Hoare, an astute politician and a constructive statesman, was appointed Foreign Secretary, he failed to realize the full extent of his predecessor's blunders. He was either misinformed or neglected to inform himself about the measure of support to be expected from France. Later on, a storm of indignation descended upon what was called the treachery of France; but there is not the slightest doubt that a sober examination of the French position would have made it clear from the beginning that France would never weaken her defence against Germany for any outside purpose. Things had been

allowed to go too far: Mussolini had involved France in a diplomatic "squeeze" from which she could not extract herself.

There remained, of course, the British navy. When Sir Samuel Hoare delivered his stirring oration at Geneva which roused half the world to raging enthusiasm, he must have hoped that Mussolini would shrink from challenging the might of Britain even if he remained unimpressed by the moral condemnation of fifty-two governments.

Perhaps a sudden concentration of all available naval forces in the Mediterranean for a blockade of the Suez Canal might have stopped the Abyssinian war as late as the autumn of 1935. But the British Government did not even contemplate such action. While taking the lead at Geneva, it believed that threats would be sufficient to call Mussolini's bluff. The trouble was that Mussolini was no longer bluffing. He had won his diplomatic game and backed his conviction that the naval risk would never materialize.

As it turned out, he was right. The British Government grossly underrated Italy's strength. British admirals ridiculed the Italian navy; Sir Samuel Hoare had been an eye-witness to the abject defeat of the Italians at Caporetto; British diplomats seriously held the utterly unfounded view—and induced members of the Cabinet to share it—that Mussolini had lost his senses. So "military sanctions" were ruled out from the beginning, and the ponderous machinery of the League Covenant was set in motion with nothing behind it but the hope that Italy would not care to face the moral judgment of world opinion and the deprivations of economic sanctions.

When Mussolini sent additional troops to Libya, and the Italian Press published voluble threats to bomb Malta, the British Mediterranean Fleet was indeed reinforced by units of the Home Fleet and ships from Eastern stations. But it was found to have no instructions to fight. Malta, exposed to air attacks from Italian bases less than sixty miles distant, was practically evacuated, and the British fleet withdrew to Gibraltar and Alexandria. The Admiralty, which in the early stages of the dispute had approved of a naval demonstration, became alarmed at the prospect of a serious clash.

It is uncertain whether the navy felt unequal to a war with Italy, or whether it considered that the losses which even a victorious war would have entailed must dangerously weaken England in relation to Germany. It can be safely assumed, in either case, that the naval strength of Italy, just as her political strength, was realized too late.

Mr. Winston Churchill has drawn a lurid picture of the condition of the fleet at the time of the Mediterranean crisis. "I have heard," he told the House of Commons, "of an aircraft carrier which was sent in haste on emergency service to Alexandria, whose aircraft had neither the proper number nor the proper type of wireless sets. Many of the aircraft were supplied at the last minute without even having the bombing racks fixed or the bombing release gear fitted. Quite commonplace spare parts were not available. The aircraft of one whole squadron of a new type were still so inefficient that they had to remain ashore and be replaced by those of an obsolete type, and only half a squadron of those were available." There is also the well-known story, of which the truth has since been vouched to me on good authority, of large flotillas of Italian motor torpedo boats racing at a speed of over forty knots around the bows of British warships. On the other hand, some naval officers seem to have taken it on themselves to warn the Italians not to go too far. When Italian submarines provocatively exercised off Malta, a British flotilla steamed out and dropped a few depth charges which made the Italians—as the story was told in the House of Lords—"bob up like corks."

At last the British Government realized that it had exposed itself unduly. The League was paralysed because France was inflexibly opposed to any stern action against Italy. Britain could not enforce her will independently because her navy was either unable or unwilling to risk a war with Italy. In December 1935 Sir Samuel Hoare compromised with M. Laval in the famous peace proposal which offered Italy practically all she was fighting for. This was retreat at its worst. At once England was rent by internal dissensions, and all merit went out of the League. People all over the world had understood a straight fight for right against

wrong; they did not understand a bid for a tortuous compromise. Not for a generation had such disillusionment overtaken humanity. After that, there was nothing to be done except patch up what was left of the broken League.

There was yet another calculation that went wrong. The British Government's military advisers had taken the view that the Italian armies could not force a decision in Abyssinia within a single campaigning season—a view, incidentally, which was shared by the military experts of nearly all European countries, not excluding Italy's General Staff itself. If that view had proved correct, even half-hearted economic sanctions might have become effective. Short of supplies, faced with internal discontent and the inevitable deterioration of the army's morale, Italy might have been compelled to give in to the League.

These results did not materialize because the war was over in six months. Italy received unexpectedly large supplies from Germany, Austria, and Hungary; and though her gold reserve was steadily dwindling, it lasted out the war. The thought that nearly the whole world was opposed to Italy hardened the patriotism of the people and made the Duce more popular than he had ever been. "Many enemies, much honour" runs the inscription on a war memorial to those who fell in Abyssinia. It expressed perfectly the feeling of Italy after sanctions had been applied. Finally, the Italian troops, who, apart from a few Alpini units, had left the worst of the fighting to their native levies, had no time to become demoralized.

That the war was won in a single campaign is due to the efficiency of Marshal Badoglio's plans and the unexpected weakness of the Abyssinian armies. It had been prepared more thoroughly than the world knew in years of patient propaganda and bribery. The Emperor's troops, though recklessly valiant in pitched battle, could not be disciplined for the guerilla tactics which alone offered any hope of success. They were badly led; every single detail of strategy and commissariat depended on the decision of the Emperor. He was the only Ethiopian who recognized the gulf fixed between the resources of his people and those of a modern

European army. More decisively than by air bombing and poison gas, the Abyssinians were beaten by the lack of co-operation between their chiefs. Had they held out until the rainy season, the support of the League might yet have become effective. When the Italians crashed through to Addis Ababa and the Emperor fled with most of his lieutenants, Italy had defeated not only Abyssinia but Great Britain and the League of Nations.

Italian Aims

In every Italian school hangs a map showing the Roman Empire in the zenith of its strength, the vast expanse of its possessions and dependencies set off against the present realm of Italy. Mussolini has constantly exhorted his people to assume the heritage of the Roman Empire. The Mediterranean Sea is to be *mare nostrum* once more, an Italian domain; the teeming millions of Italy's prolific people are to go out and turn desert into sown. Abyssinia—though that ancient Empire was never subdued by the Romans—is regarded as the first step in the foundation of a new Roman Empire. The Duce, who wields diplomatic tactics better than most, stated after the Abyssinian victory that Italy had no further territorial aspirations. But his disciples say that the victory of Addis has rung the death-knell of the British Empire, whose rich spoils are destined to fall to Italy. Where is the truth? What are Italy's aims?

In the hour of triumph the Duce talked of settling five million Italian peasants in the Ethiopian valleys. The forecast is probably out of all proportion to actual possibilities. And whatever is done will take many years and demand enormous financial sacrifices.

Now prestige suddenly gained has a way of wearing out as quickly. A strong navy, a stronger air force, a huge army are thirsting for fresh glory. Once a Dictator has saved himself by diverting public attention to an external goal, he would be superhuman if he did not try the expedient again. Italy must continue to be reckoned among the explosive powers.

Leaving aside the wild musings of Fascist irresponsibles,

it is fairly obvious that Italy wants, first of all, to dominate the eastern part of the Mediterranean and the route to Abyssinia. If the British abandoned Malta, she could even now cut the Middle Sea in two by closing the straits between Sicily and North Africa, a mere 100 miles across. Recent naval manœuvres have shown that she is experimenting with such a scheme. In the eastern section, Italy would have to deal with Yugoslavia, Greece, Turkey, the Arabian states, and Egypt. But for the presence of the British navy this would probably be easy. Italy has a valuable foothold on the Greek islands facing Anatolia and flanking the Dardanelles. Rhodes and Leros have been equipped with naval and air bases, and all the islands are said to be fortified. A useful springboard is thus available for an assault on the mainland of Asia Minor, and the Turks are well aware of the menace. Farther east lies the British island of Cyprus, also coveted by Italy. There is the Arabian coast, hiding the immense oil deposits of Mesopotamia. And if Jews can settle in Palestine, why cannot Italians settle in Syria? So we reach the pivot of the Eastern Mediterranean—Suez!

Italy has suddenly obtained a huge colony on the Red Sea. For generations to come she must expect to make constant efforts to maintain and develop the country she conquered. Her chief trade route is now the Suez Canal and the Red Sea; and the gates are kept by Britain. There are two possible approaches to the British stronghold: one is through Egypt, the other through the Arab peoples on the eastern side of the Red Sea. Undoubtedly Italy will try both ways. If her newly-found courage survives the test of patience ahead, and if her resources prove equal to the prolonged strain, a clash with Great Britain is ultimately inevitable. It will come all the sooner if Italy uses the helpless state of Spain to obtain a foothold on the Balearic islands and, perhaps, in Spanish Morocco. In this case not only British but French interests will be deeply affected, for the Balearics command the French route to Morocco, where a large native army is held in constant readiness for employment in Europe.

France held the scales in the League dispute with Italy. It lies with France whether Italy can move again. Will

France—now under a government of the Left—permit Italy to make fresh conquests, in exchange for Italian support against Germany? It is, to say the least, uncertain. The unexpected completeness of the Italian victory has injured French interests in the Red Sea, where the port of Djibuti is the principal coaling station on the route to French Indo-China. The fear that Italy may raise a powerful black army in Abyssinia is troubling the French, who know the value of native troops. Moreover, an Italian assault on Yugoslavia, Greece, or Turkey would directly affect France and her Soviet ally. Nor could France, after the Italo-German compromise over Austria, be certain that Italy would keep her promise to support her against Germany. Above all, the next Italian move may rouse England into active resistance. And if ever France had to choose between Italy and England, she would choose England without a moment's hesitation. Although she cannot obtain a definite British assurance of help against Germany, France will never give up hope that England will once more stand by her, promise or no promise, in the hour of need.

In future Italy will also have to reckon with a strong, aggressive Germany on her Northern frontier. For tactical reasons Germany may postpone her ambition to control Austria and to reclaim the South Tyrol. But a Germany inspired by the idea that the German race should be united cannot long forgo the claim to the German population South of the Brenner Pass. The most that is conceivable is a German-Italian understanding by which German activities are temporarily deflected towards the North-East of Europe, and possibly to a line passing through Rumania to the Black Sea. Such an understanding might give Signor Mussolini time to develop his plans in the Eastern Mediterranean. But it would further alienate France; and in view of the exceedingly bad personal relations between Mussolini and Hitler it would never be more than an unreliable truce.

In spite of the difficulties presented by the attitudes of France and Germany, it is just conceivable that Italy would again find means to neutralize both of them as she did

successfully in 1935. Meanwhile, the question arises whether her economic resources are adequate for the ambitious programme of expansion on which her mind is set.

The Cost of Empire

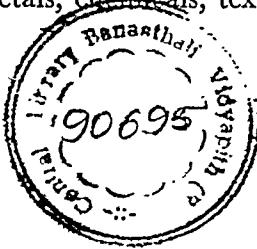
Italy's finances have been strained by the war and the added burden of sanctions. To consolidate the victory she must spend vast sums in "pacifying" Abyssinia, developing its resources, and settling her colonists. In order to maintain her newly-won prestige as a Great Power, she must keep under arms an enormous army, and continue to expand her navy and air force. Will she stand the strain?

Dictatorial régimes, as the experience of Germany shows, can set aside many of the accepted economic laws. Money is a fiction, a King's head on a scrap of paper or a figure written in a ledger—its value is what men and women believe it is. A Dictator can make his people believe almost anything. Money and its equivalent, credit, can be created in almost unlimited quantities. In theory that is impossible, because the outside world cannot be deceived about the real backing of currency and credit. In practice, you can limit your dealings with the outside world and regulate every external transaction to such an extent that it becomes almost immaterial what other countries are thinking of your money. The only condition is that you do not need more raw materials than you can pay for by the export of merchandise. This problem breaks the hearts of Central Bank Governors, but Dictators deal with it by restricting the quantity of imported goods needed by each individual. If the standard of living is sufficiently lowered, and governmental power strong enough to suppress any protest the population may raise, internal state expenditure may be maintained with impunity at spendthrift levels. During the past ten years Italy has greatly reduced her dependence on imports both by increasing domestic production and by depressing the national standard of living. For the purpose of the Abyssinian war she had to import abnormal quantities of oil, coal, iron and other metals, chemicals, textile materials

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and various semi-finished products. She was steadily paying out gold for these imports, and her dwindling gold reserve would possibly have been exhausted some time in 1937 if the war had continued. With peace restored, Italy may again restrict her imports below the point which makes gold payments necessary. When economic sanctions were applied Italy made a virtue out of necessity by developing new industries which she had formerly neglected. Grain production in 1935, for the first time in history, was sufficient for home needs. And though the crop failure of 1936 has made it necessary once again to import wheat, it would be rash to conclude that Italy will be prevented by financial straits from maintaining, or even extending, the position she has reached.

The key to Italy's future is in the hands of Great Britain.

Britain's Highway

Great Britain's strength in the Mediterranean is no longer measured by warships alone. The strategic conditions of the Middle Sea have been changed by the coming of the aeroplane; by the collapse of the Turkish Empire; the intensive colonization of North Africa; the abandonment of expansive policies by Russia; the construction of the oil pipe-line to the Arabian coast; the rise of Arab nationalism in the Middle East; and, most important, by the emergence of Italy as a first-rate military power. All these factors influence the British position in varying degrees. In the last resort, it depends on the outcome of the struggle with Italy.

Gibraltar is unassailable. Much has been written about the possibility of a fleet assembled in the harbour being "caught in a trap" by enemy bombing planes. But no offensive weapon has ever been discovered that could not almost immediately be countered by an adequate defensive armament. Whether attack or defence wins is dependent on natural circumstances; and no fortress could be more favourably placed for repulsing an air attack than Gibraltar. At the present stage of military inventiveness Britain can undoubtedly close the Western gateway of the Mediterranean Sea.

Malta is less secure. Opinions differ about the chances of defending the naval base at La Valetta against a mass attack by Italian bombing 'planes. During the crisis of 1935 it was thought advisable to withdraw all but a few minor warships from Malta. Although it has since been officially stated that the island would not be abandoned by the British navy, it is not certain that a determined stand would be made in the event of a war with Italy. An air attack on Malta could, of course, be answered by an almost simultaneous counter-attack on any naval port in Southern Italy. But the risk of losing valuable ships in the exposed harbour of La Valetta is serious. On the other hand, were Malta abandoned, the Italians would be able to close the Sicilian strait and rend the British navy in two. They would be operating close to their base, while the nearest British base would be hundreds of miles away.

The eastern British stronghold is Alexandria, a wonderful harbour large enough to accommodate the entire British fleet. Based on Alexandria, the British navy can effectively protect Egypt, the Suez canal, Palestine, and the oil pipeline ending at Haifa. The construction of the pipe-line has made the British fleet in the Eastern Mediterranean far more independent of coaling stations than it used to be. The hold on Alexandria, it is true, depends on the continuance of British control of Egypt. But in no conceivable circumstances, short of a military defeat of Great Britain by Italy or Germany, can Egypt obtain sufficient strength to oust the British navy from Alexandria. And it is more than doubtful whether the Egyptians will ever even desire to do that. No foreign master is loved by any nation. But there is not one that would willingly exchange the rude, indolent, but well-meaning Englishman for the domineering Italian who is as formidable in his punishments as he is in his promises. Egypt in any case has had a healthy shock in 1935, and the British position there has been promptly consolidated.

Great Britain, then, can blockade the Mediterranean at both ends whenever she likes. That may sound a formidable proposition, but it is not. Italy is not vitally dependent on supplies from outside the Mediterranean. The only valuable

result of a closure could be the separation of Italy from her new East African Empire. The annexation of Abyssinia by Italy has indeed created entirely new conditions and interests around the eastern exit. Italy has a substantial part of her armed forces in Abyssinia; she intends to settle great hosts of her people and invest large funds at immense sacrifice. The longer this process goes on, the more anxious Italy will be to free herself from the menace of the British guillotine at Suez—either by war or by friendship.

The main interest of Great Britain in the Mediterranean is, after all, the freedom of the communications with India and the Far East. A substantial part of Britain's exports and imports travel by this route. Although the bulk of it might be diverted to the ocean route round the Cape, as it was during the Great War, Britain would not willingly abandon the immense imperial interests which have grown up around the Mediterranean route—Egypt, Palestine, Iraq, the Arabian peninsula, British Somaliland. In a war with Italy, Great Britain would be faced with the necessity of organizing the defence of these imperial interests independently of home support. As soon as the British navy blocked the exits, Italy would close the Sicilian strait. In other words, the British strongholds cannot defend the shipping route; they can only serve as bases for a counter-attack on the Italian coasts and dependencies, and by this threat induce Italy to keep the peace.

The only other British possession that might be used as a base for Mediterranean operations is Cyprus. The huge island in the north-eastern corner of the sea was acquired from Turkey in 1878 and formally annexed in 1914. It is at present unfortified, but its position—forty miles from Asia Minor, sixty miles from Syria, and 240 miles from the Suez Canal—would make Cyprus an ideal air base and a useful, if minor, naval base. The centre of the island is flat, and it has a natural harbour which could be made safe for cruisers and smaller warships. The cost of constructing a naval and air base on Cyprus has been estimated at £3,500,000; and there is little doubt that this sum will be spent as soon as the new strategic conditions resulting from the Italian conquest

of Abyssinia have been properly understood. A naval and aerial survey is, indeed, already in progress.

Britain's aim must be to create a Mediterranean navy strong enough to face Italy without drawing on the home fleet. Here lies one of the explanations of England's anxiety to maintain friendly relations with Germany. The Anglo-German Naval Agreement was hurriedly concluded on terms unexpectedly favourable to Germany because the British home fleet was suddenly needed in the Mediterranean. England, if she has learnt her lesson, will not again be caught in the same trap. She must face a Germany rapidly building up to the agreed limit of thirty-five per cent. of the total British tonnage. The Mediterranean fleet, with what reinforcements can be spared from Eastern stations, must face Italy unaided.

Policy to Aid Warships

The naval expansion of Germany has weakened Britain's position in the Mediterranean. Never again will it be possible to release the bulk of the home fleet. Even in 1935, when this was done, England had to solicit the help of France, Yugoslavia, Greece and Turkey in the event of an Italian attack on the British navy. Bases are few and far between, and in a major conflict the British navy would need the harbours and coaling stations of France and the Balkan Powers. Whether these will be available in future is a matter of policy rather than strategy. Until 1935 British policy had on the whole favoured the French view that Italy should be propitiated so that her co-operation might be available in the defence of peace against German designs. When Italy broke away from the fold, British policy suddenly veered round; it now favoured an understanding with Germany in order to have free play against Italy. Neither of the two trends were more than temporary expedients. Both the threats of Germany to British security and the threat of Italy to British Empire communications will continue and increase.

One precaution will be the development of even closer

relations with France. Another is the growing understanding with Yugoslavia, Greece and Turkey. None of these powers would welcome an Italian hegemony in the Eastern Mediterranean. Their security from Italian assault depends on the continuance of British power. Yugoslavia cannot do much; she is bottled up in the Adriatic and her coast is at the mercy of Italy. It has already been described how Yugoslav policy is striving to combine loyalty to the Little Entente and the Balkan Entente and friendly co-operation with Germany. A third Yugoslav tendency—co-operation with England—will become increasingly evident when Italy has consolidated her Abyssinian conquest and turns to look for fresh laurels.

Greece, whose harbours and islands would be a most valuable help to Britain in any conflict with Italy, is traditionally pro-British. The restoration of King George II, who spent fourteen years of exile in England and owes his return to the throne largely to the advice of his English friends, has strengthened the ties of friendship. Greece, like Yugoslavia, is mortally afraid of Italy. Although she has prudently declined to promise Yugoslavia assistance in the event of Italian attack, Greece would place herself at the disposal of Britain whenever requested to do so. The Greek population of the Italian-owned Aegean islands is groaning under the iron rule of the conqueror, and Greece has never given up hope that she may regain these islands one day. More important, she knows that the Italian bid for Corfu in 1921 may well be repeated on a much larger scale if Italy obtains command of the Eastern Mediterranean. The only effective safeguard against this danger is the British navy.

There remains the thorny problem of the Dardanelles. They are held, now as for centuries, by Turkey. But behind Turkey looms Russia. For more than a hundred years Britain has laboured to prevent Russia from gaining control of the straits which form the outlet of the Black Sea into the Mediterranean. With the Russian Empire in command of the straits, Russia would have been in a position to menace the British route through the Mediterranean. The transformation of Russia from an expanding Empire to a self-

sufficient Soviet State has completely changed this aspect of the Dardanelles question.

By the Treaty of Lausanne, signed in 1923, the straits were de-militarized and the freedom of shipping permanently guaranteed. The menace to the British position had then virtually disappeared. Turkey has since established exceedingly friendly relations with the Soviet Union; but though the Russians helped Turkey to rebuild her country after the ravages of the War, the old urge for Mediterranean power has left both countries. In 1936, when Turkey asked permission to refortify the straits, she was allowed to do so without hindrance. The conference convened at Montreux to deal with the Turkish request threw up faint echoes of the ancient Anglo-Russian rivalry. The Soviet Government demanded free outward passage for the Soviet Black Sea fleet if it should be needed to assist either France or the Soviet fleets in the Baltic or the Far East. At present Russia maintains only a small fleet in the Black Sea but she intends to build a much larger one. At the same time the Soviet Government wished to restrict the right of other navies to enter the Black Sea. After considerable argument the British Government gave way, and earned the gratitude not only of Soviet Russia but of Turkey.

In effect, the refortification of the straits does not alter the balance of power in the Mediterranean except in so far as it will strengthen Turkey against a possible Italian attack.

The New Turkey

That contingency is ever in Turkish minds. Signor Mussolini has often proclaimed the Italian "right" to control and colonize Anatolia, which to-day forms the biggest part of Turkey. Italian guns from Rhodes and Leros command part of the Anatolian coast, and air attacks can be launched with the greatest ease on some of the industrial centres of Turkey. Turkey has no navy to speak of, and her air force is no match for that of Italy. Her defensive alliance with the Soviet Union affords some protection, but no ally of Russia can be quite certain that the Red forces will ever

be used for any purpose except the defence of actual Soviet territory. Accordingly Turkey has gladly taken the opportunity to improve her relations with Britain, and she may now be counted as a reliable supporter of Britain against Italy.

A brief reference may here be made to the revival of Turkey's national strength. In the course of two industrial "five-year plans" on the Soviet model, the country has been made largely independent of foreign sources of supply. Kamal Atatürk, the founder and Dictator of post-War Turkey, has pursued a consistent policy of social and economic consolidation. The immigration of Turks and other Mohammedans from Balkan and other countries has been encouraged. Diseases have been suppressed and sanitary standards raised. The census of 1935 established the population of Turkey at 16,000,000, an increase of two-and-a-half millions in eight years; it is thought that it will increase by more than 200,000 annually during the coming years.

The present territory of Turkey, for nearly two thousand years the recruiting-ground of armies which have changed the map of the Western world, had been rapidly emptying as a result of the Great War and the Turko-Greek war that followed. This trend has been checked and reversed. Turkey is well on the way to internal stabilization as a peasant state with all the industries she needs. Situated between Russia and the Mediterranean powers and on the direct route between Central Europe and the Indian Ocean, Turkey is destined to play a larger part in international events than her size and strength might indicate.

At peace with the Soviet Union, protected on her Western flank by the Balkan Pact which has led to an excellent understanding with Greece and almost friendly relations with Bulgaria, Turkey is wholly preoccupied with the Italian menace. She has created a strong and well-equipped army and a moderately large air force. Many new railways have been built or are under construction for the purpose of connecting the Mediterranean with the Black Sea, as well as with the Soviet frontier, for the swift transport of troops. Nearly all the foreign-owned railways in Turkey have been acquired by the Government, and by 1940 the mileage of rail-

road within the republic is intended to be twice that of 1923. Essential industries have been placed as far away as possible from the Anatolian coast. As far as the Mediterranean problem is concerned, Turkey will be found on the side of peace—and if peace be broken, on the side opposite to that of Italy.

Spain on the Anvil

Before the searchlight is turned on to the situation in what is called the Middle East, we pause to glance at a country whose fate may yet profoundly affect the balance of forces in the Mediterranean. It has been said that Spain has no foreign policy. That impression has certainly been confirmed by her neutrality in the Great War, but it must be qualified on three points. One is that Spain is bound to maintain friendly relations with the power or powers which hold the naval supremacy in the Western Mediterranean. The second is that Spain must strive to avert any threat to her communications with her North African dependency, which contains not only some of her richest natural resources but the best part of her army. The third point is the continued interest of Spain in the former dependencies of Latin America.

Far more important than Spanish foreign policy, however, are the interests of other powers in Spain. For over a century the domestic troubles of the Spaniards have frequently caused deep and dangerous tension, and even war, between the European powers. Spain's weakness is a standing temptation to all who desire control of the Western Mediterranean.

The recent domestic history of Spain has been exceedingly turbulent. After eight years of dictatorship under General Primo de Rivera the country changed over to a Socialist, anti-clerical and Republican mood. In 1931 King Alfonso XIII was forced to fly the country, and for two years Señor Azaña, a moderate Liberal Republican, steered a middle course between the extreme Left and the Right parties. The experiment ended as such experiments always end. Azaña failed to satisfy his Socialist supporters and drove them deeper into extremist policies, and he omitted to clear the army and administration of hostile elements. Inevitably

let down by both sides, the Azaña Government fell in 1933, and a period of stern reaction followed. For three years the parties of the Right revelled in revenge and repression. An untimely revolt in the industrial region of the Asturias was ruthlessly put down in 1934 by the Foreign Legion, Moorish troops, and bombing planes.

Between 1933 and 1935 average wages in Spain fell by more than fifty per cent.

In February 1936 the parties of the Left, now united in an election pact, swept the country at the polls. Azaña once again became Prime Minister. His was a moderate Government, which could count on the support of the Socialists, Communists and Anarchists only as long as it carried out the set programme of reforms. A beginning was made with the distribution of land formerly owned by the Church, the "cleansing" of the national services of known enemies of the régime, the gradual improvement of wages and salaries, and the secularization of schools. But the pace was too slow for the Left and too swift for the Right. Azaña was tactfully removed from his post to be made President of the Republic. Strikes, local revolts, the burning of Churches and the murder of priests became everyday occurrences. It was clear that Spain was moving Left much faster than had been expected. The army officers, the Monarchists, the Fascists, the clergy and conservative Spaniards generally feared that Trotsky's prophecy—"Europe will go Red at both énds"—was about to come true. In July 1936 large sections of the army rose in revolt, and Spain was once more swept by civil war.

Spain is on the anvil, white-hot and malleable. The awakening of the masses—and, what is more, the arming of the masses—has gone too far for the powers of any moderate Government. The hammer of civil war has not fallen for the last time. In the long run no government will be able to uphold the virtual monopoly of land property and capital resources exercised by Church and Nobility. There is, moreover, no strong middle class on which a Fascist régime could rest. Whatever the intermediate stages, Spain seems destined to move towards the Left. At the same time, the setting

up of a Communist Soviet State on the Russian model is extremely unlikely. The Spaniards are individualists; the bulk of the working class is organized in Anarchist or Syndicalist unions which favour decentralization and abhor the strong central state wanted by the Communists. For all the exertions of the Moscow Comintern, Communism has never gained a strong foothold in Spain.

At the time of writing the issue of the latest civil war is still in doubt. The fundamental trend, however, points towards further revolutions, accompanied by disintegration of the Spanish State.

The internal condition of Spain must affect the relations of other European Powers, as it has done for more than 100 years. A "Left" Spain will seek close relations with Soviet Russia and France. It would also be content to leave Britain in undisputed control of Gibraltar and the Straits.

A military dictatorship supported by Church and Aristocracy, on the other hand, will be drawn closer to Italy and Germany. Both countries have supported the military rising against the Republican Government in order to weaken the Franco-British hold on the Western Mediterranean. Ten years ago, when Mussolini concluded a treaty of friendship with the then Spanish dictator, General Primo de Rivera, France was alarmed, but Britain remained unperturbed. To-day the threat would be taken as seriously in London as in Paris. Whether or not Italy obtains a footing in the Balearic Islands and in Spanish Morocco, whence she could menace both Gibraltar and the French route to North Africa, her increased diplomatic influence in Spain would carry the tension now existing in the Eastern Mediterranean into the western section of the Sea.

Germany's interest in a Spanish regime friendly to her is twofold: it would afford opportunities for working up a threat to France from yet another quarter, and it might allow Germany to gain a footing in Spanish West Africa and the Canary Islands, whence the British Empire route round Africa could be conveniently menaced.

But we are looking too far ahead. It will be a long time yet before a durable order emerges in Spain.

CHAPTER VIII

AROUND THE SUEZ CANAL

The Challenge

GREAT BRITAIN'S strategic position at the eastern exit of the Mediterranean is moored at three points: the Suez Canal, the oil wells of Mesopotamia, and the Red Sea.

The Suez Canal is covered by British control of Egypt and Palestine. The oil supply is secured by the British hold over the kingdom of Iraq, while Palestine protects the pipe-line to the Mediterranean. Control of the Red Sea is maintained by the naval base of Aden and friendly co-operation with Saudi Arabia.

The three focal points of British power in the Middle East form an inseparable strategic whole. If one of them is weakened the entire structure is endangered.

The Italian conquest of Abyssinia is a challenge more serious than any that Great Britain has had to face in that region since the Great War. Italy, now a strong naval power, has acquired a huge colony bordering both on the Red Sea and on the Indian Ocean. She is fortifying the port of Massawa on the Red Sea coast, and will probably create other strongholds in the future. With the gradual development of communications and natural resources in Abyssinia Italy will have considerable native forces at her disposal. With the growth of trade between motherland and colony, with the increase of Italian settlers, investments, and other interests, Italy will undoubtedly wish to protect Abyssinia and the trade route leading to it by military and naval forces in the Red Sea. She will thus acquire a growing interest in the very route which is Britain's highway to India, the Far East, Australia and New Zealand, and in the positions affecting

its security. In other words, it is inevitable that Italy should develop aspirations to the control of Egypt, Palestine, the Arab kingdoms, the Suez Canal and the Red Sea. Italian propaganda is already busy in Egypt and Palestine.

The weak point in Italy's position is the comparative failure of her efforts to gain influence in Arabia. A late-comer to the Arabian scene, she went altogether wrong in her calculations. While Britain supported King Ibn Saud, who during the last decade has extended his dominion over the major part of the Arab peninsula, Italy backed the Imam of Yemen, who to-day wields little power in Arabian affairs and recently lost part of his territory to King Ibn Saud. Nevertheless Italy's influence in the Yemen, which according to reliable information is still dominant, gives Italy a potential foothold on the Red Sea coast opposite to Abyssinia. Italy thus stands astride the British route to the East.

Moreover, by the linking of Eritrea on the Red Sea with Italian Somaliland on the Indian Ocean,—a railway connecting the two coasts is one of the first items on the programme—the new Italian Empire short-circuits Aden and gives Italy independent access to the Indian Ocean. This position is similar in many respects to that which arose before the Great War when Germany launched her scheme for a Berlin-Baghdad railway which was to give her access to the Indian Ocean independently of Suez and Aden. That this project was one of the major causes of Anglo-German friction before the war is generally accepted.

It need not be stressed that the Italian conquest has a disturbing effect on the security of another British Empire route: the Cairo-Cape air line. Finally, the security of Great Britain's East African dependencies, and ultimately of the South African Union, is involved. This matter will be examined in a later chapter. For the present purpose it is more important to investigate the ways and means by which England is preparing to meet the challenge to her west-eastern Empire route in the Middle East.

Firm Stand in Egypt

The Mohammedan countries of the Middle East which stand across the Italian line of communication have acquired a new importance for Great Britain. Egypt in particular stands out more clearly than ever as one of the vital strongholds of British power.

"I am old enough to remember," said Sir Austen Chamberlain in 1928 to Sarwat Pasha,* "the circumstances of our intervention in Egypt in the early eighties. My father was Minister at that time. I can recall the sincerity with which the Ministers of that day had declared that our occupation was only temporary and that it would be withdrawn at the earliest possible moment. But circumstances have been too strong for us. The moment of withdrawal has never come and the events of the intervening forty or fifty years have shown that neither of us can escape from the situation in which God has placed us. . . . Providence has decreed a marriage between our two nations, and the ties which bind us are too strong for separation."

In 1922 the British Government abandoned the protectorate over Egypt and declared the country independent. Four reservations were made, however, which deprived the independence of reality. The four "reserved points", which it has taken fourteen years of protracted negotiations and tempestuous quarrelling to settle, summarize the vital British interests in Egypt.

1. Security of Imperial communications. This means the right of Great Britain to take all necessary measures for the defence of the Suez Canal, particularly to station British troops and aircraft in the Canal zone and British warships in Egyptian waters.

2. Defence of Egypt. Britain insists on the right of defending Egyptian territory against all outside interference, and incidentally of defending her own position against internal disorders. In practice the questions involved are the maintenance of a large British army, air

* White Paper, Cmd. 3050.

force and navy in Egypt, and the right of Egypt to build up her own army. The Egyptians have always protested against the presence of British forces in their principal cities and have asked that a time limit be set for the British control of Egyptian defence. Disagreements on this point have repeatedly brought to grief the negotiations for a friendly settlement of Anglo-Egyptian problems. It was only in 1936 that a solution to this thorny problem was found.

3. Protection of foreign interests and minorities. This reservation refers to the former right of certain foreign communities in Egypt to exercise their own jurisdiction. A compromise securing both Egyptian sovereignty and the interests of foreign communities has never presented insuperable difficulties.

4. Status of the Sudan. In theory the Anglo-Egyptian Sudan is run jointly by Great Britain and Egypt; in practice it has been administered and garrisoned exclusively by Britain ever since the assassination of Sir Lee Stack, the Governor-General of the Sudan, in 1924. Here again a compromise has at last been reached in 1936.

The chief British interests in the Sudan are connected with the regulation of the waters of the Nile and the vast cotton plantations which depend on proper irrigation. A great deal of British capital has been sunk in the Sudan, and Egyptian cotton has become an important raw material for Lancashire. In addition, the Sudan is essential to the defence of other British possessions in Africa. The Cairo-Cape air line crosses it from North to South; the Crown Colonies of East Africa border on it, and the Italian possessions of Libya and Abyssinia are separated by it.

The rights arising out of the four reservations are, as Sir Austen Chamberlain stated in the Memorandum already quoted, "so essential to the existence of the British Empire that every British Government in the future as in the past would be obliged to insist upon them."

British policy has never even attempted to "colonize" Egypt. As soon as possible Britain withdrew to the four points mentioned, which circumscribe the British interests. The aim of countless Anglo-Egyptian conferences since 1922 has been to combine Egyptian independence with the preservation of these interests in the form of a treaty of friendship and alliance to be signed by Egypt as a sovereign Power. It was the threat of Italian aggression which narrowed down for the first time the gap between Egyptian nationalist aspirations and British strategic requirements.

In 1935 Italy massed troops on the western frontier of Egypt; in 1936 the fall of Abyssinia brought Italian forces up to the eastern frontier of Egypt. With the prospect of increasing Italian interest in the Suez Canal, the Red Sea, and the Eastern Mediterranean generally, the Egyptian nationalists realized that the independence of their country depended on British protection. Negotiations were started in the summer of 1936 and a treaty of "perpetual alliance" was signed in London on August 26th. The British Government agreed to abandon the occupation of Cairo, and within eight years of Alexandria, but stipulated that an even larger force than before should be maintained elsewhere in Egypt. ✓ Strategic roads are to be built with the object of facilitating the swift transport of troops across the Nile delta to the Libyan frontier. No time limit is set to the British occupation, though it is provided that Egypt shall create, under British instruction, a strong native army which will ultimately take over the defence of the country.

A strong British naval base is to be established in the harbour of Alexandria under a lease from the Egyptian Government. This base may eventually become the hub of British naval power in the Eastern Mediterranean, comparable with Singapore at the Eastern exit of the Indian Ocean.

Quite obviously Egypt—under a National Government in which the nationalist Wafd takes first place—has decided that the continuance of British control is to be preferred to control by Italy, which would be inescapable if Britain withdrew. Provided that the situation is handled with tact, Egypt will, in the years to come, become a staunch supporter

of British power. But it should not be overlooked that this support is based on the conviction that Britain still commands the stronger battalions. If ever the strength of Britain should be undermined by internal or external events; or if Italy should grow so strong that she can claim supremacy in the Eastern Mediterranean, Egypt may think again.

The Twice-Promised Land

The control of Palestine is essential to Britain for the protection of the Suez Canal and the air route to India. In addition, the oil pipe-line from Iraq, which feeds the British navy in the Eastern Mediterranean, runs across the desert to the spacious port of Haifa in Palestine.

Before the Great War Palestine was a district of Syria—both forming part of Arabia—under Turkish rule. Lord Allenby, with the help of Arab levies, drove the Turkish armies out of Arabia. In order to win the support of the Arab population against the Turks, different British representatives made mutually exclusive promises to different Arab leaders. It is usually accepted that the promise given by Sir Henry McMahon in the name of the British Government to recognize Arab independence represented the authentic policy of Britain. It was made in 1915 to the Grand Sherif of Mecca, afterwards King Hussein of Hejaz, who was then widely recognized by the Arabs as their leader. The great Arab state which Hussein and his friends desired never came into being. Two of his sons were indeed established on Arab thrones—King Feisal in the Iraq and the Emir Abdulla in Transjordan; but Hussein himself was driven from his kingdom by Ibn Saud, who conquered the greater part of the Peninsula down to the coast of the Red Sea and to the borders of Iraq and Transjordan.

The French insisted on obtaining a foothold in Arabia, and received Syria as a mandate. The British Government, in the celebrated Balfour Declaration of 1917, promised the representatives of the Zionist movement that the Jews would be allowed to found a "national home" in Palestine. Five years later, on March 12th, 1922, Sir Henry McMahon

stated that in his letter to Hussein of October 24th, 1915, he had intended to exclude Palestine from the independent Arabia that was then envisaged. This view was accepted in June 1922 by Mr. Winston Churchill, then Secretary of State for the Colonies, and the official White Paper of that date has since formed the basis of British policy.

But the promises made during the War were numerous and obscure, and the Arabs contend that both Palestine and Syria had originally been promised to them. In the Arab view the transfer of Syria to France and the establishment of the Jewish national home in Palestine are violations of their established rights. The extensive literature which has grown up around these claims and counter-claims has left the historical problem unsolved. As for Palestine, the simple fact is that both the Arabs and the Jews regard it as their Promised Land. The Balfour Declaration of 1917, which was incorporated bodily in the terms of the League of Nations mandate to Great Britain in 1923, established the right of the Jews to settle in Palestine—on the understanding “that nothing shall be done which may prejudice the civil and religious rights of existing non-Jewish communities in Palestine.”

The Jews eagerly availed themselves of the opportunity to transfer large numbers of their suffering people to a land of hope and safety. With the help of substantial funds contributed by the Jews of America, Great Britain and other countries, and inspired by an enthusiasm which is truly impressive, the Jewish immigrants have in an incredibly short time transformed a neglected and impoverished province into a prosperous country. The Jews have in fact changed Palestine from a venerable relic into a modern state capable of playing a leading part in the fortunes of the Middle East. During the past fifteen years the Jewish population in Palestine has increased from 60,000 to nearly 400,000, while the Arab population has increased from 550,000 to 900,000. Farms and plantations have sprung up from the desert; new modern towns have made their appearance; a network of roads carries a busy mechanized traffic; commercial relations have been established with many foreign markets.

The Palestine Arabs have watched the consolidation of the Jewish colony with growing alarm. In the early post-War years, when the annual Jewish immigration was measured by hundreds, the Arabs had regarded the newcomers with scorn. When the trickle became a rushing river they began to fear that Palestine would ultimately become a Jewish state in which the Arabs would be a minority. If Jewish immigration continues at the recent rate, the Zionist movement will probably transform Palestine into a predominantly Jewish state, though it should be added that the immigrant community is showing admirable restraint and that it has brought unheard-of prosperity to the country.

Here lies the cause of the repeated Arab revolts against the growth of the Jewish national home. The concrete grievances brought forward, with varying degrees of justification, by the Arabs are mere red herrings drawn across the main claim that the mass immigration of Jews endangers the Arab character of Palestine. Time and again the Arab grievances have been investigated, and partly admitted, by Royal Commissions. It has always been found that the principal Arab demand, the stoppage of Jewish immigration, cannot be granted without the abandonment of the policy laid down in the Balfour Declaration and the League Mandate. No concession in regard to Jewish land purchase, Arab participation in the government of the country, or financial and economic advantages has ever been accepted by the Arabs as adequate compensation.

The position turns on the question whether the Palestine Arabs will be able to enrol the support of important sections of the Arab race and of the Mohammedan world generally. They have spared no effort to make the Jewish immigration a pan-Arab and a pan-Islamic issue. Their agents have been busy in Transjordan, the Yemen, in Iraq, Saudi Arabia and Egypt. They have tried to interest the Mohammedans of India in their claim. (At the Pan-Islamic Congress of Jerusalem in 1932, Maulana Shaukat Ali, the Indian Moslem leader, held forth with vehemence on the common concern of Islam in the preservation of Palestine as an Arab country. His brother, the great Mohamed Ali, was ceremoniously

buried in Jerusalem after his body had been conveyed there from London.) So far the attempt to widen the issue has not met with striking success, though the rulers of Saudi Arabia, Iraq, and Transjordan have tried to mediate between the Palestine Arabs and the British Government.

But the danger that the Palestine dispute may lead to anti-British agitation throughout the Middle East is not to be ruled out. In view of the Italian threat to the British position in these regions, the sympathy and co-operation of the Arabian countries is more important than ever. The British Government will have to treat the Palestine Arabs with the greatest tact. That they are capable of doing serious harm even without the help of their co-religionists was seen during the recent disorders, when, among other acts of sabotage, the Iraq-Haifa pipe-line was cut and set afire.

On the other hand, Jewish support is also of great importance to Britain. The Zionists have raised Palestine to the position of an important and desirable colony, and its future depends on their labours. More important, any breach of the British promise to the Jews might alienate the powerful financial interests in the United States and elsewhere which proved a source of strength during the Great War. And if ever Arab nationalism should take an anti-British turn, the Jews of Palestine would be a valuable counterweight.

Delicate decisions will have to be made before long. As long as the Jewish immigrants represented a small minority in Palestine the British administration could afford to confine itself to holding a just balance between Jewish and Arab interests. Now that the immigrants have become a compact and powerful community Great Britain will have to be more than a policeman. A constructive policy designed to harness both communities to the wagon of social and economic progress has never yet been formulated. Yet this is the only way in which a serious setback for Britain in the Middle East can be averted.

Arabia Deserta

As a political movement Islam is a spent force. The break-up of the Turkish Empire deprived the militant Mohammedans of their mainstay. Since the Great War Turkey has shocked devout Mussulmans by sweeping aside one after another of the sacred commands of the Koran; modern Turkey is hardly mentioned now among Pan-Islamists and supporters of the Khalifat. In Egypt and Arabia nationalism has to a large extent replaced the secular ambitions of religion. Something of the old spirit persists indeed among the Wahabis of Saudi Arabia and analogous movements in other countries, especially in Persia, Afghanistan and Northern India. Indian Mohammedans have long dreamt of making common cause with their co-religionists beyond the frontiers; but the fire of fanaticism has gone out of their visions, which have become mere stratagems intended to strengthen the influence of the Moslem community in Indian politics. The interest of the seventy million Mussulmans of India in the fate of non-Indian Islam is bound to decline further with the consolidation of Indian home-rule. In short, the Islamic world has lost most of its former coherence.

These developments have made Britain's task in the Middle East somewhat simpler. The danger of a false step upsetting all Islam from Morocco to Kashmir is disappearing. The new force which has come into prominence is nationalism; and it has proved far more tractable than militant religion. The conquests of King Ibn Saud between 1913 and 1925 have brought the greater part of the peninsula under the rule of an enlightened and brilliant monarch. King Ibn Saud has been in receipt of a subsidy from the British Government since 1917, and six years later the continuance of these payments was made conditional upon his being "guided generally by the wishes of His Majesty's Government in regard to his foreign policy". He has faithfully kept his word.

King Hussein, meanwhile, was driven out of his domains by Ibn Saud; but after the War two of his sons became rulers of Arab states: Feisal was made King of Iraq, and Abdulla

was appointed Emir of Transjordan, a British Mandate bordering on Palestine, Syria, Iraq and Saudi Arabia. Transjordan is under the same Mandate as Palestine, but does not share its chief problem, the Arab-Jewish conflict. If the Jews succeed in consolidating their position in Palestine, they may in time ask for concessions to settle in Transjordan also, and the Emir is not averse to such a course. At present the chief importance of his country is that it forms a buffer-state between Saudi Arabia and the Mediterranean.

Iraq also began as a British Mandate, but has since become an independent State. King Feisal had been one of the Arab leaders to whom sweeping promises were made during the War. At one time he was destined to rule at Damascus over a substantially enlarged Syria. But the French claimed Syria, and Feisal was compensated by the throne of Baghdad.

The key to Iraq is oil. At the Lausanne Conference Sir Austen Chamberlain was asked by anxious journalists how the question of the Mosul oilfields had been settled. "Oil?" he replied. "I did not even know there was oil in Mosul." (The same statesman told an Egyptian Prime Minister that the British had to stay in Egypt because God wanted them to.) To-day it is no longer unbecoming to speak frankly of oil. The great oilfield of Mosul, included in the State of Iraq as a result of the Lausanne Conference in 1923, has since been developed on a colossal scale. A pipeline to the Mediterranean, with two outlets, at Haifa in Palestine and Tripoli in Syria, was completed in 1934. The oil from Iraq is invaluable to Britain both in an economic and in a strategic sense: the pipe-line to Haifa supplies the British fleet in the Eastern Mediterranean. At the same time Iraq affords a convenient basis for the protection of British oil interests in Persia, and it has become an important stage on the England-India air route. These are the main reasons for the British policy of maintaining a substantial air force in Iraq, though this force has also proved very useful in protecting the Iraq frontiers from nomad raiders.

In 1930 Britain surrendered the Mandate, recognized the independence of the Kingdom of Iraq, and signed with King

Feisal a treaty of friendship and alliance. Apart from the reservations which were made in regard to the maintenance of British forces and British advisers in Iraq, it is obvious that by the promotion to independence the Kingdom came even more inevitably under British control. There is in fact no alternative for Iraq to dependence on Britain. So great a wealth of oil is too much for any small and undeveloped country to defend. If it were not clearly known that any attempt by another Power to interfere with Iraq would be regarded by Britain in the same light as a direct attack on herself, Iraq would not remain independent for long. There is something about the methods of British Imperial rule which makes the subject nations, however sullenly, disinclined to exchange it for that of any other Great Power.

France, in insisting on a Mandate for Syria, took on the most mettlesome part of Arabia. She has not made a conspicuous success of her enterprise. Syria, with the adjoining republic of Lebanon, has a mixed population of Levantine Christians, Jews, Druses and Arabs. They are constantly in conflict with one another and with the Mandatory Power. Boycotts, riots and rebellions have been the order of the day almost since the French arrived. Law and order was precariously established by ruthless repression, during which the ancient city of Damascus was shelled to ruins. In recent years self-governing institutions have been gradually built up, and France has repeatedly considered surrendering her Mandate in favour of a treaty of alliance such as exists between Great Britain and Iraq. The first French offer was rejected by the Damascus Parliament in 1933, but in September, 1936, a treaty of alliance on the model of the British-Iraqi treaty was initialled in Paris. France's principal interest is in the oil pipe-line from Iraq which has its second terminus at Tripoli. It was through the construction of this line that France became independent of Dutch, British, and Russian oil supplies.

Syria is divided into five states, each with its own constitution and its own flag. Although politicians are discussing the desirability of Syrian union, the populations and problems of the five states are so divergent that the matter

presents almost insuperable difficulties. France has now undertaken to grant, after a transition period of three years, full independence to Syria. The Mandate will be abandoned, and Syria will join the League of Nations. French troops will of course remain in Syria, partly to look after the pipe-line, and partly for the protection of the racial and religious minorities.

One solution that has been canvassed for years but seems to have little chance of success is to transform Syria into a Kingdom. A candidate for the throne of Damascus is at hand in the person of the ex-Khedive of Egypt, Prince Abbas Hilmi, one of the cleverest and richest men in the Middle East. But whatever solution is found, it will be a long time before Syria can rise above her internal troubles to play a part in the wider affairs of Arabia.

The Italo-Abyssinian war has had a remarkable effect on the nations of the Middle East. Within a few months of the outbreak of the war the old hostility between Ibn Saud and the sons of Hussein disappeared. A treaty of alliance was concluded in April 1936 between Saudi Arabia and Iraq. At the same time relations between Saudi Arabia and Transjordan, which had been disturbed by border disputes, became very friendly. An understanding was established also between Saudi Arabia and the Yemen, though the two countries had been at war quite recently, and the Yemen is strongly influenced by Italy.

Most important of these moves was a treaty between Saudi Arabia and Egypt. Relations between these two countries had been severed in 1926, and there was constant friction over various religious and financial matters. The new treaty, signed in May 1936, provides for the reopening of normal diplomatic relations between the two states; for the treatment of Egyptian pilgrims to Mecca and Medina on a most-favoured nation basis; and for the resumption of Egyptian payments under the endowments of the Holy Cities.

In the face of the Italian menace the Arabic-speaking countries of the Middle East have thus drawn close together in a defensive union from which even the Italian-controlled

Yemen finds it difficult to stand out. That they have succeeded in sinking their differences, which were real and deep-rooted, is due largely to the wise statesmanship of King Ibn Saud, who has proved himself capable of constructive leadership at a critical juncture. The new combination means a substantial increase of strength to Great Britain. To a certain extent it offsets the loss of power involved in the Italian conquest of Abyssinia.

Mediterranean Retreat?

The development of air power has reduced the Mediterranean Sea to little more than a channel. The emergence of a strong, aggressive Italy, intent on gaining supremacy at least in the eastern part of that Sea, has endangered the British hold on what for nearly seventy years has been regarded as the British Empire's chief highway. If the rise of Italy continues unchecked—either with or without the further complication of a pro-Italian Fascist Spain and a German push towards the Eastern Mediterranean—the time must come when Great Britain will have to fight or retreat.

If, in other words, in any future crisis the Mediterranean route is blocked, Britain must decide whether to regain control of it by force or to evacuate the Mediterranean, give up the use of the Suez Canal, and concentrate on the defence of the pre-Suez Empire route around the Cape. With Gibraltar and Aden firmly in British hands, the Mediterranean and the Red Sea can be completely "sealed" at both ends, so that any naval raids from inside on the ocean route are made impossible. Along both coasts of Africa the Cape route is amply supplied with harbour and bunker facilities, and the evacuation of the Middle Sea would release a strong naval force for the protection of ocean shipping. Incidentally, the force thus set free could be used to make up the deficiencies of defence in the North Sea and in the Far East.

The Mediterranean route has been regarded for so long as the vital artery of the British Empire that its maintenance is often considered a matter of life and death. In actual fact it

is not quite as indispensable as it looks.* As for the dependence of Great Britain on imported food and raw materials, only one-fifth of her imports normally cross the Mediterranean—11.4 per cent. from inside that Sea and 8.7 per cent. from countries East of Suez. Supplies from India, in going round the Cape, would have to travel nearly twice as long as via Suez; those from China one-third, and from Australia one-tenth longer. This would mean initial delay, but no permanent stoppage of Eastern supplies. More ships would have to ply the Eastern route, and the cost of fuel would be heavier, though something would be saved on Canal dues. With regard to the imports from Mediterranean countries, they consist largely of long-staple cotton from Egypt and mineral ores and chemicals from Spain and Morocco. A substantial part of the latter could probably be convoyed by the navy, operating from Gibraltar, as Italy is unlikely to invade the Western Mediterranean in force. And even if these supplies were lost altogether, British industry would not be seriously hampered.

Great Britain, then, could evacuate the Mediterranean in case of war without risking starvation. She would, however, leave Malta, Egypt, Palestine and Cyprus at the mercy of the hostile power or powers. Incidentally this would not apply to the oil-wells of Mesopotamia, as they can be amply protected by land and air forces supported by a naval squadron in the Persian Gulf. The pipe-line to the Mediterranean would, of course, be cut in order to deprive the enemy of its use.

To mention the abandonment of Egypt is to reveal the full extent of the damage that would be done to the British Empire in Africa by the evacuation of the Middle Sea. If the British navy were to withdraw from the Mediterranean, the Italians would not find it impossible to conquer Egypt by a simultaneous assault from the sea, from Libya and from Abyssinia. What then becomes of British East Africa? Exposed as it is even now to attack from Abyssinia, would it not become untenable under the shadow of a huge Italian-

* The following figures are quoted from an article by Hector Bywater, *Daily Telegraph*, June 8, 1936.

controlled block stretching from Tripolis to the Indian Ocean? And would not an East Africa in the hands of a hostile Power ultimately constitute a mortal threat to South Africa, the world's greatest treasure hoard?

Although Britain could give up the Mediterranean without facing immediate ruin, she could not do so without endangering her position in Africa, which is almost as vital to her as that in America or Asia. She cannot in fact do anything else but make provision for the continued defence of her Mediterranean position, ensuring at the same time the safety of the alternative route round the Cape as an emergency line. This is what is at present being done. Malta will be reinforced; Cyprus is almost certain to become a naval and air base; a new naval base is to be built at Alexandria; Haifa is being used as a naval port. It may be taken for granted that, in predictable circumstances, at least the eastern part of the Mediterranean will be most strongly defended, even if Malta should prove untenable and Italy were allowed to cut the trade route at the Sicilian bottle-neck.*

*The situation in the Mediterranean has since been complicated by the Italian bid for control of the Balearic Islands, and by the German attempt, quickly foiled by France, to obtain a military foothold in the Spanish zone of Morocco. These events, added to the Italo-German intervention in the Spanish civil war, have put Britain and France on their guard against the threat to a strategic region vital to both. Their co-operation is now assured both in the diplomatic and naval sphere. British policy, however, wants to prevent Italy from adhering too closely to Germany; hence the Anglo-Italian "gentleman's agreement" of January 2, 1937. Meanwhile the British Navy is being rapidly increased, and before long Britain will have regained naval superiority in the Mediterranean.

CHAPTER IX

INDIA AND HER NEIGHBOURS

Home Rule and Defence

INDIA ENTERS INTO the field of international affairs on the strength of her geographical position rather than by any active policy of her own. The triangle of India touches the Middle East on the one hand, Russia on the other, and through Tibet and China the Far East. Her long coast line makes the Red Sea, the Persian Gulf and the straits of Singapore vital areas for her defence. India is, moreover, the cornerstone of the British Empire, and her security depends as much on the strength of the Empire as the latter depends on the security of India. For all these reasons the defence of India is one of the main pivots of international policy in Asia.

Historically this position has been well recognized. More than sixty years ago the cry was heard in England that Russia on the Oxus meant Russia on the Ganges. The advance of Russia towards the Pamirs evoked the hostility of Imperial Britain and was responsible for the tortuous diplomacy which for over half a century weakened the ancient Empire of Persia and kept Afghanistan in seclusion. The mere suspicion of Russian influence in Tibet led to the Younghusband expedition to Lhasa which tore the veil from that last kingdom of mystery. Guarded both by British arms and British diplomacy, the mountain girdle of India which extends from the Sind coast to the Burmese frontier has remained inviolate, while her maritime gates have been protected by British naval supremacy from Aden to Singapore.

Britain's power in Asia, from the Middle East to the Far

East, and ultimately to Australia, stands and falls with her position in India. The question which faces Britain to-day is how far the new constitution, by which India has obtained a large measure of autonomy, is likely to weaken the British Empire as a whole and to expose its Eastern section to danger. In the answer to this question lies also, as shall appear, the key to the problem of the Middle East.

The new constitution of India does not immediately affect the military power of Britain. The Government of India Act of 1935 consists, essentially, of two parts, one dealing with the provinces, the other with the Central Government. In the provinces fully responsible parliamentary governments are being set up. By 1937 the provinces will be governed by Ministries responsible to legislatures elected on a wide franchise. While under the Montague-Chelmsford reforms of 1919, which laid the foundations to the present Act, the provincial governments were divided into two halves, one responsible to a largely elected parliament and the other provided by the civil service, this system of "dyarchy" has now been replaced by complete autonomy. The only remaining limitations are the special powers of the Governor to ensure that the interests of the minorities are protected and that there is no discriminating legislation against British trade.

In the Central Government the change is even more radical. A federal union of the provinces and the semi-independent sovereign States is to be established which for the first time in history will unite the whole of Hindustan into one political unit. At present India consists of two distinct parts, one the area under British sovereignty, directly governed by the Crown's representatives, and the other the area under Indian Rulers over whom the British Crown exercises a political paramountcy based on treaties and agreements. Some of the greater Indian States like Hyderabad, Kashmir, Mysore, Baroda and Travancore are in fact substantial kingdoms whose administrations are practically independent of the British Government in India.

Although a century of British control has created an economic and fiscal unity in India, and although the States,

through a unified system of post, telegraphs and railways, have become more and more closely associated with British India, yet politically they have remained apart. The Government of India has had no legislative, judicial or administrative authority over them. Under the new constitution this position will change. A united federal government with clearly defined functions will be established in the centre in which both British India and the Indian States will be partners. The complex negotiations necessary for the entry of the sovereign States into a Federation to which they have to surrender parts of their sovereignty are not yet completed, but all essential difficulties have by now been overcome, and everything points to the likelihood that the new federal government of India will come into being some time in 1938.

The Central Government will then be responsible to an Indian legislature composed of two houses, except in the matter of external relations and defence. These two subjects are for the time being reserved for direct administration by the Crown's agents. Apart from this highly important reservation, the Governor-General (who is the Viceroy) is also given certain supervisory powers over the credit and financial policy of the federation; he has also a special responsibility to see that the interests of the States, the minorities and of British trade shall not come to harm.

The foregoing sketch will make it clear that the new constitution undoubtedly transfers exclusive control to Indian hands over the entire range of provincial administration and over a great part of the Federation. Even in defence and external relations, the voice of the federal Cabinet is likely to carry great weight, especially as defence and warfare are dependent not only on the fighting services but also on national leadership. Even though the control of defence and Imperial policy remains ultimately in British hands, the attitude of political India towards these two subjects will assume vital importance once the new federal government has been set up. Fears have been expressed in many quarters that the Indian Ministries and the legislature, controlled by intransigent nationalists, may use the machinery of the new constitution to weaken British power. It is obvious that, if

the attitude of India became generally hostile, Britain's power in Asia would be undermined. The stabilizing element would be removed from the political and strategic balance in Middle and Central Asia, and the international position in that part of the world might well degenerate into a chaos.

A New Nationalism

But does the political trend of India offer sufficient ground to justify this apprehension? That question can only be answered when we know the parties and groups which will work the new constitution. There is no doubt that the most powerful and the best organized party in India is the National Congress. It is this party, in all likelihood, which will gain preponderance in the legislatures and ministries of most provinces. What is the National Congress? It may be described as a coalition of all nationalist elements in the country, all who are working towards the political independence of India. It is not a political party in the ordinary sense—not, that is, an organization with a detailed political, social and economic programme. It is a federation of such parties, consisting of the most widely divergent elements, from the socialists whose leader is Pundit Jawahar Lal Nehru to the representatives of the Indian Chambers of Commerce whose political objective is the replacement of British capitalism by its Indian counterpart. In its wide fold the Congress embraces the representatives of extreme orthodoxy who see in every effort of social reform an attack on religion, like Pandit Malaviya, and the most radical reformers to whom every social and religious institution in India is a bar to progress. In fact, the Congress is what in France is known as the *Bloc National*.

Although the predominant opinion in the Congress is strongly nationalist, it is in no way extreme. This was clearly demonstrated when Mr. Nehru, as President for the current year, attempted to sway Congress opinion in favour of boycotting the elections. The provincial organizations were almost unanimous that the new Constitution should be accepted and worked. Although the President and the

socialist group supporting him tried hard to prevent a final decision, the Congress, by a large majority, set up a parliamentary board which is now actively engaged in contesting the provincial elections. In fact, the coalition has split: the socialists and others with an extreme social programme have been isolated, and the entire machinery of the party is being used for parliamentary work. Divested of its revolutionary elements, the Congress, under the new constitution, will be no more than a nationalist party anxious to utilize the reforms for the pursuit of a national programme.

In the Central Government, the division of parties is more or less decided by the Act itself. A third of the seats in the Federal Assembly and forty per cent. in the Council of State are allotted to the representatives of the Indian Rulers. European trade, Indian industries and commerce and minority interests take over another third; the nationalists can therefore never become more than a minority. In all Imperial matters the representatives of the States and of European and Indian commerce will, in view of their special interests, be staunch supporters of British influence. Nor need it be feared that the nationalists, apart from small revolutionary groups, will be opposed on principle to the maintenance of British influence and strength in Asia generally. The fear that the new constitution of India may lead to a weakening of the British position in the East is therefore entirely unjustified.

Moreover, the association of Indians with the higher policy of their country must inevitably lead to a better appreciation, on their part, of the international problems arising out of India's position. Within the last few years both the land and sea defences of India have come into sharp prominence. The breakdown of the naval negotiations with Japan has brought home to India the vital importance of the Singapore naval base. The establishment of a powerful Italian Empire in Africa, bringing the naval power of Italy on to the Arabian Sea, has converted what was a British lake into an international arena. The coastal defence of Western India can no longer be left to a small squadron or to a fleet so far away as Singapore. The growing influence of Soviet

Russia in Sinkiang and Japan's power of penetration into the hinterland of Asia make the defence of the land frontier a problem of immediate concern. These are not matters of British policy only but of India's security. In that vital problem all parties of India, including the extreme nationalists, have shown a lively and constructive interest.

An Indian Navy

Recent developments on the Red Sea littoral and on the African side of the Arabian Sea have given added importance to the naval defence of India. It is obvious that the British naval route through the Red Sea, so long considered the most vital for the defence of India, can no longer be considered as safe. The fortification of Massawa and the naval tension in the Eastern Mediterranean have rendered that route not only unsafe but useless in time of danger. And Italy has now a port on the Arabian Sea which may in time of war become a base for submarine raids threatening the trade and communications of India with Great Britain.

Two results follow from these changes. First, the naval defence of India has to be greatly strengthened and made, as far as possible, dependent on India herself; secondly, as modern warfare depends on industrial conditions, England, even at the risk of affecting her own industries, will be compelled to encourage the development of key industries in India. As for the first point, it is well to note that a Royal Indian Navy has already been established, and there is no doubt that it will be rapidly expanded. "The coast defence of India," said Sir Philip Chetwode, late Commander-in-Chief in India, in a recent speech, "is every day becoming of more importance. At the moment, unless the British fleet could come to the assistance of India, the posts and ports and commerce of India would be more or less at the mercy of raiders and mine-laying submarines." And it is not only the coast of India which is receiving attention: "There is the defence of Aden," added the Field-Marshal, "which is the gate of India's communications with the West; also the defence of the oilfields in the Persian Gulf on which India

largely depends. Again, we have to provide for the defence of Burma and Singapore, through which India receives much oil and other commodities; and Singapore is becoming vital to the safety of the Empire and of India in particular."

Nationalism is inherently militant, and Indian nationalism is no exception. The most outstanding characteristic of the nationalist policy in recent years has been the demand for the Indianization of the Indian Army. So long ago as the time of Mr. Tilak the claim was put forward that control of defence is essential for self-government, and one of the main planks of the nationalist parties in the central legislatures has always been that India should have under her own control adequate forces for the defence of her coast and her frontier. It may, therefore, be safely assumed that the first years of Home Rule will see a steady expansion of India's navy, owned and controlled by the Indian Government and manned in an increasing degree by Indian personnel. The training centre which the Government has provided has already shown that India can produce, in time, officers for such a navy.

Imperial policy also requires that India should take a larger share in her own defence. The total tonnage of the British Navy is still limited by international agreements; and even when these come to lapse, the relative naval strength of Britain compared with that of other European powers will not grow very rapidly, if at all. The time is long past when the Grand Fleet could come to the defence of the distant parts of the Empire. Accordingly, naval defence has to be devolved to a large extent on the constituent members of the Empire. India, moreover, occupies a special position: The Indian Army is maintained as a weapon of Imperial defence and has in the past been available for service all over Asia and Africa. To ensure the mobility of this army in the future, the Empire requires that India's coasts and communications should be safe at all times.

In regard to the second question—the development of key industries in India—the experience of the Great War has taught both British and Indian authorities that without adequate industrial power based on India the prosecution of

modern warfare is impossible in the East. The Mesopotamian campaign demonstrated this fact beyond doubt: At that critical time the British Army had to turn to the great Indian steel works of Tatas at Jamshedpur for its transport, spares, etc. The intervening twenty years have brought immense progress in the mechanization of warfare. If at any time the British Empire became involved in an eastern war, the industrial strength or weakness of India might well be the deciding factor. An iron and steel industry already exists; engineering and other manufacturing industries could be developed with the support of tariffs or subsidies. This will have to be done even if the result should be unfavourable to British trade with India.

Changes in Central Asia

Considerable changes have occurred also in the factors affecting the defence of India's land frontier. The Indian Army remains, of course, the superb instrument for offence and defence which it has been for over half a century. It has been strengthened by the reorganization after the war and by the addition of a powerful air arm. The widespread suspicion that the new Indian legislature will follow the suicidal policy of attempting to reduce its strength or weaken its morale is entirely unfounded. Little is heard nowadays of the old complaint that too large a proportion of the central revenues of India is devoted to military expenditure; recent developments on India's frontier have deprived that argument of any force it might have had. The demand is now for Indianization of the higher ranks and not for a limitation of strength or equipment. To some extent the Government of India has accepted the principle of Indianization; Indian military colleges have been established for the training of officers. Popular efforts are also being made for the creation of an Indian officer class. The Sivayi Military School in Poona which has the support of the Maratha Ruling Princes, and the Bonsia School organized by Dr. Moonje at Nagpur, are indications that Indian nationalism is not—in spite of Mahatma Gandhi—inclined to be pacifist. The Govern-

ment's own scheme of earmarking eight units for Indianization has been successful and the Indian Government of the future will doubtless urge the extension of this scheme and the expansion of the territorial forces organized after the Montague-Chelmsford reforms.

What has happened to transform the outlook of informed Indians towards the problems of defence? Briefly, the political conditions across the borders have significantly changed in recent years. The time-honoured British policy was to keep a ring fence of buffer states around India: Afghanistan, Sinkiang, Tibet and Nepal. British policy, while not interfering in the affairs of these countries, took care to see that other European nations obtained no footing there. But this position has been undermined by various events since the Great War.

Afghanistan under King Amanullah broke loose from British tutelage and attempted to follow an independent foreign policy. Amanullah looked in turn to Moscow and to Delhi. Great Britain was patient; but when it became clear that Afghan policy might have a serious effect on the defence of India, that ambitious King discovered that the throne of Kabul is proverbially difficult to sit upon. Under General Nadir Khan, who took advantage of the civil war to assume national leadership and mount the throne as King Nadir Shah I, a more moderate policy was pursued. But even so, Afghan independence was no longer an illusion. Nadir Shah, helped by his able and experienced brothers Hashim Khan and Shah Wali Khan, set himself to reorganize the State. Nadir fell a victim to a family vendetta, but his young son Zahir succeeded peacefully to the throne—a feat which was in itself a remarkable indication of the great change that had come over Afghanistan. Only on one former occasion had succession been so uncontested: When Habibullah was proclaimed King on the death of the great Abdur Rahman.

Zahir's undisputed enthronement was even more remarkable as the embers of civil war had not yet died down and the new King was no more than a boy in his teens. The credit for this achievement is undoubtedly due to Hashim Khan, the late King's brother, who realized that a war of succession

would ruin his ambitious scheme of reform. During the past few years Hashim Khan's efforts have been directed to the creation of a modern State in Afghanistan. The Army has been reorganized. Schemes of industrialization have been taken in hand. Trade and commerce have been regulated. New towns have been developed, and a scheme of national education has been set up. Above all, Hashim Khan, who is the virtual ruler of the country on behalf of his young nephew, has been able to keep Afghanistan free from the charge of being either pro-Russian or pro-British. Afghanistan is, in fact, slowly but steadily becoming a modern State. Given five years of peaceful evolution, that country, so long looked upon as a mere buffer state, will become an important and independent factor in Central Asian politics.

The gradual rise of Afghanistan creates problems for the Indian General Staff to which it has not been accustomed. Metalled roads, mobile columns, advance posts, tribal jirgahs and all the familiar paraphernalia of frontier warfare have now to be replaced by preparations for entirely modern warfare. Relations with Afghanistan are excellent and will doubtless continue to be so; but the mere existence of a rising and powerful military State on the frontier of India introduces new considerations into the problem of Indian defence.

Another serious problem is provided by the Russian frontier which touches Gilgit in the Pamirs. Under the Tsarist régime the Pamirs were only lightly held, and there was no serious threat to that part of the Indian frontier. But Soviet organization in Turkistan, Bokhara, and other neighbouring areas has reached an efficiency which makes Gilgit an important strategic centre. Railheads approach the Pamirs at inconveniently close range: new motor roads surmount the Pamir mountain passes which until recently were only accessible to slow-moving camel caravans: power stations, mining and chemical industries have been established: air activity is intense and Soviet trade agents penetrate up to the Indian frontier. Until last year Gilgit was garrisoned by the troops of the Maharajah of Kashmir and only the political relations of the trans-Indus Chiefs who are under the sovereignty of the Ruler of Kashmir were

taken over by the Indian Government. But last year the whole position was altered. It was felt that the garrisoning of this frontier and the arrangements for its defence could no longer be left with safety to the limited resources of Kashmir. After protracted negotiations with the Kashmir Government Gilgit was taken over by the Government of India, the Maharajah preserving only his legal sovereignty over the area. This has enabled the Indian Government to bring Gilgit within a unified scheme of frontier defence, and the military organization in this sector is now satisfactorily assured.

Sinkiang (meaning: the new Dominion) or Chinese Turkestan, is the next among the neighbours of India to cause concern. Political conditions in Sinkiang have radically changed during the past five years. It had always been considered as an integral part of China, and during the days of the Chinese Empire it was directly governed by officers appointed from Peking. But the breakdown of the Chinese central government after the revolution of 1912 has had its repercussions in the outlying provinces. The Governor of Sinkiang, Yang Tseng-hsian, made his province increasingly independent. While he kept Russia at arm's length, he refused also to accept orders from the various Chinese Governments at Kanton, Peking, and later, at Nanking. He was assassinated in 1928, and his successor, Chin Shu-jen, failed to maintain order. In 1930 he tried to obtain control of the semi-independent region of Hami, whose Prince had just died. The people of Hami promptly rose in revolt. It happened that Ma Chung-ying, a chief of the Tungans, was travelling through Sinkiang. The Tungans are a powerful Moslem tribe in North-West China; they had been fighting in Kansu against the "Christian" General Feng Yu-hsiang. Ma Chung-ying led his army into Sinkiang to support his brother Moslems of Hami. The Sinkiang Government called in a force of local "white" Russian mercenaries, but was partially dislodged.

In 1931 the Governor concluded a commercial agreement with the Soviet Union, as a result of which he seems to have received some war material. Whether Moscow

actually sent troops and aeroplanes, as Mr. Peter Fleming asserts in *News from Tartary*, remains a mystery. At any rate, the revolt was not suppressed until 1933, when a strong force of Manchurian troops, expelled from Manchuria by the Japanese and transported to the Northern border of Sinkiang via the Siberian railway by arrangement between Nanking and Moscow, arrived in the province. At a guess, one can assume that Nanking had as much interest in restoring Chinese authority over Sinkiang, as Moscow had in preventing the Tungans from Kansu, who might at any time come under Japanese control, from establishing themselves in the province.

The Manchurians quickly restored order over the greater part of Sinkiang. They deposed Governor Chin Shu-jen, putting in his place a Manchurian officer who had been sent to Sinkiang a year to two earlier as a representative of the Chinese General Staff: General Sheng Shi-tsai. Early in 1934 General Sheng's troops drove the Tungans out of Southern Sinkiang to the oases of Yarkand and Khotan. Ma Chung-ying fled across the border to the Soviet Union, where he has been ever since; his half brother Ma Ho-san remains at the head of some 30,000 Tungans on the borders of India and Tibet.

At present Sinkiang is ruled by a Manchurian faction under the Governor, General Sheng. As a result of seventeen years of independent policy under the late Governor Yang, relations with Nanking are not too friendly. On the other hand, relations with Soviet Russia are apparently rather intimate, and there are rumours of an alliance. Mr. Peter Fleming, who crossed a part of Sinkiang in 1935, reported that "the province is, in fact, run from Moscow. The Russians have their advisers in every Government department . . . their agents hold every key position in the State." Mr. Fleming may be right, but his charming book contains no evidence to support his sweeping assertions. Another British observer has since been in Sinkiang: Sir Eric Teichman, Counsellor of the British Legation in Peking. It is his report that I have followed here. He seems to have failed completely to discover Mr. Fleming's hordes of Russian

"advisers"; he did say, however, that Soviet influence in Sinkiang is increasing, largely because trade with Soviet territory, especially since the construction of a railway along the frontier, is far easier than trade with either India or China.

Whatever the degree of Soviet influence in Sinkiang, there is no doubt that it exists. The province is no longer a remote part of China but an outpost, potential or actual, of Soviet Russia, and the strong political influence which Great Britain has exercised there at least since 1876 has been undermined or wiped out. Another section of the ring fence protecting India has been breached.

The reactions of Russian influence in Sinkiang on Indian policy are difficult to forecast. No danger to India's defence from that side need be feared, because a tremendous mountain range divides the two countries. But Sinkiang is the door to Tibet, and the political conditions in that mysterious country may take a sudden and surprising turn in the next few years.

Land of the Lamas

Tibet, nine times as large as England, is inhabited by three million people. Surrounded by India and China, the mountainous country is probably the most secluded in the world. It is ruled by Buddhist priests, of whom the Dalai Lama is the highest and the Tashi (or Panchen) Lama the second in rank, both in spiritual and temporal government.

Until 1912, when the Chinese Empire collapsed, Tibet acknowledged China's suzerainty. At the first news of the revolution the Chinese agents were expelled, and Tibet has since been virtually independent. In 1925 the Tashi Lama fell out with the Dalai Lama and went into exile in China. In December 1933 the Dalai Lama died. Tibet has since been without either of its two traditional leaders, and a Regency Council carries on the government. A year after the death of the highest dignitary a search began, according to custom, for the child into whose body the spirit of the Dalai Lama has been reincarnated. Lately the Regent and the Tashi Lama have each discovered a child who might be the future ruler of Tibet; but meanwhile political conditions remain unstable.

For nearly two years the Tashi Lama—who, as the second incarnate Buddha, has the final word in the selection of the divine baby—has made repeated starts on his journey home. In June 1936 he reached the north-eastern borders of Tibet escorted by 300—or, according to some reports, by 3000—Chinese soldiers and a suite of Chinese officials. A Chinese Commissioner, Mr. Chao Shou-yu, has been appointed to accompany the Tashi Lama to Lhasa. The Regency Council, fearing a Chinese attempt to re-establish the former suzerainty, has so far refused to admit the Tashi Lama's retinue, while he himself has refused to leave them behind. The Tibetans are anxious to get the Tashi Lama back, because his presence is of the utmost spiritual importance to them. Besides, he has a very large following in the country itself. But His Serenity is prepared to return only on his own conditions, and those conditions, it is suspected, involve a reversal of the late Dalai Lama's policy of excluding Chinese influence from Tibet. Negotiations are proceeding, but at the time of writing no agreement has been reached.

There has undoubtedly been an increase of Chinese influence in Tibet since the death of the Dalai Lama. The return of the Tashi Lama, which cannot be postponed indefinitely, will greatly strengthen this tendency. How far the British Government will tolerate the re-establishment of Chinese authority in Tibet cannot be foreseen with any certainty. Without drawing conclusions either way, we may mention that a British political official from Northern India has recently visited Lhasa at the invitation of the Tibetan Government. It is, however, clear that if there were any possibility of Japanese or Russian penetration, the interests of India would demand a strengthening of Chinese influence in Tibet rather than allowing another cockpit of Soviet-Japanese rivalry to be created.

So far the Soviet authorities have left Tibet severely alone. But with Soviet influence established in Sinkiang—with the reservation, though, that the hostile Tungans still hold the areas dividing Sinkiang from Tibet—and with Japanese influence deepening in Inner Mongolia, this policy may well change before long. Mongolia and Tibet have very close

spiritual relations. The monastic organization of both countries is intimately connected, and as there is no clear separation between Church and State, what is merely a spiritual bond to-day may be converted into a political influence to-morrow. Significantly enough, Japan has begun to take a keen interest in Lamaist theology. Some time in 1935 a party of Buddhist priests from Inner Mongolia was invited to Tokyo, where a school of Lamaism has since been established. If this policy is successfully pursued, Tibet cannot for long remain outside the sphere of Japanese intrigue. Neither India nor the Soviets could remain indifferent to Japanese penetration in that quarter, and if the present trend of events continues, Tibet will in the next few years assume an importance in international affairs which it has never enjoyed before.

Key-State of Nepal

Such a development will bring to the international stage another secluded State: Nepal. From the point of view of India, Nepal holds the key position in case of trouble in what may be called Inner Asia. This independent Hindu Kingdom, which preserved its international standing when more powerful Indian States disappeared from the map, owes its present importance to the far-sighted policy of the late Maharajah Chandra Shamsher Jung. The form of government in Nepal may best be compared with the Japanese Shogunate. From the time of the great Jung Bahadur who came to power in the forties of the last century with the nominal title of Prime Minister, the Kings of Nepal have been relegated, like the Mikados under the Shogunate, to their inner palace to be worshipped almost as deities by their people. All political power is held by the hereditary Prime Minister who carries the courtesy title of Maharajah. Succession to this post is strictly regulated by a Succession Roll in which the members of the Prime Ministerial family appear in order of seniority. All leading appointments in the military, civil, and political services are held by the members of this family, the eldest being the Prime Minister and the next senior member being the Commander-in-Chief.

Jung Bahadur, who established this system of military dictatorship, also laid down the main lines of the future policy of Nepal. Jung Bahadur foresaw that the independence of Nepal depended on three factors : (1) Friendship with the British Empire, (2) Exclusion of foreign influence from Tibet, keeping that country militarily weak, and (3) Preservation of the military character of the Gurkha (Nepal) State. His successors never departed from these three cardinal points of policy ; but its full development was left to Maharajah Chandra Shamsher, who for a period of twenty-five years guided the destiny of the Himalayan Kingdom. Chandra Shamsher was undoubtedly one of the most remarkable statesmen that Asia has produced in recent times. He was in many ways the prototype of Kamal Ataturk or Raza Shah ; but he enjoyed even greater power than these dictators. Towards Britain, as he himself declared in a famous speech, "Nepal has no policy, only friendship." The only crisis in his régime came when Lord Curzon, against the advice of the Imperial Government, decided on the Tibetan expedition and Sir Francis Younghusband marched at the head of an Anglo-Indian force to the veiled city of Lhasa. The establishment of a British protectorate over Tibet would have encircled Nepal and would, in time, have reduced that kingdom to the position of an Indian State. Naturally Chandra Shamsher opposed this policy with all his influence, and when Lord Morley ordered the withdrawal of the British force from Tibet, he heaved a sigh of relief. During the Great War, Nepal stood solidly by Britain, and her Gurkha warriors—always an important section of the Indian Army—joined up in large numbers. Chandra's brother and successor, Bhim Shamsher, was an equally able ruler, and the present Prime Minister, Joddha Shamsher—the last of this outstanding trio of brothers—has been able, by purging the State of rebellious elements, to carry on the policy of Nepal with unvarying success.

This extraordinary military oligarchy has its face turned towards Inner Asia. So far as the British Empire is concerned, it has "only friendship". A close study of British Indian history has taught the rulers of Nepal that their future,

at least for many years to come, does not lie in the fertile plains of Hindustan. The influence of Nepalese policy is therefore felt more in Tibet than in Delhi or London. And if events in Lhasa take a turn which the Nepalese consider detrimental to their interests, much may be heard again of the valour of the Gurkhas and the political foresight of the Rana family.

Whither India?

Two facts emerge from this brief survey of the situation in and around India. Firstly, it is clear that the internal and external political conditions of India are undergoing rapid changes, and that the peaceful atmosphere of to-day may in the next few years become surcharged with highly explosive material. The ring fence with which a century of British policy has surrounded India is no longer effective either on the sea coast or on the land frontier. Great military and naval powers have projected their arms to within striking distance of India's centres of trade and defence. Secondly, the change in India's internal political conditions, far from weakening her military strength, is likely to increase it in various ways. Powers which are awaiting the breakdown of British rule in India and the weakening of India's defensive power as a result of the new reforms are miscalculating profoundly. For, apart from the exclusion of external affairs and defence from popular control, there is also another most important factor which is usually left out of account: the aggressive nationalism of the Indian people, which will claim a place in the Asiatic sun and will therefore strain every nerve to maintain the military strength and the political influence which the Indian Empire now enjoys. Revolutionary tendencies gain exaggerated importance in the days of national struggle; but in the utilization of power, once achieved, the revolutionary finds his normal level. India under her new Government will undoubtedly be an effective instrument of peace in Middle and Inner Asia.*

*The refusal of Congress to form governments in the six provinces in which the party gained majorities in the March elections has somewhat hampered the smooth beginning of the new régime. But such difficulties are inherent in the parliamentary system, and India's progress towards constructive self-government is unlikely to be baulked by the difficulties and delays of the initial stages.

CHAPTER X

JAPAN IN THE ASCENDANT

Frankenstein Monster

EIGHTY YEARS AGO the gates of Japan were forced open by the "black ships" of the American navy under Commodore Perry.

The little Island Empire had lived in rigid isolation for more than two hundred years. Under the Tokuguwa Shogunate—a fore-runner of modern dictatorships—Japanese citizens were forbidden on pain of death to travel abroad or trade with foreigners. Ship-building, apart from small fishing-vessels, was a criminal offence. At the naval college at Kure they exhibit a wooden "submarine" which was built 160 years ago for secret trips abroad. A double-bottomed dugout propelled by four pairs of oars through openings stopped with leather, and provided fore and aft with rudders for diving and rising, the little boat is striking evidence of Japanese seclusion in the period preceding the impact of the West.

Once brought into touch with Western ideas, the Japanese proved eager pupils. In two generations they built up a formidable naval and military force, and began to expand. The Western Powers had by that time entrenched themselves in China. They were alarmed at the growing pressure of the Russian Empire on North China, and welcomed the rise of a strong Japan as a counterweight to Russia. Great Britain, Russia's traditional foe, took a leading part in supporting Japan. In 1902 an Anglo-Japanese treaty was concluded which shortly afterwards broadened into a military alliance. Two years later came the Russo-Japanese War, in which Japan, aided by the Western Powers, defeated the mighty Empire of the Tsars.

Japan was now set on the path of Imperial expansion. She had already annexed a number of islands in the 'seventies; in 1895 she conquered the island of Formosa off the Chinese coast; in 1905 she leased the Southern half of Sakhalin from Russia and obtained important concessions in Manchuria. Five years later she annexed Korea, a peninsula of the Chinese mainland adjoining Manchuria. All the time the population of Japan proper, which had remained unchanged at about twenty-six millions from the time of the first census in 1721 to 1840, grew rapidly. It was thirty-three millions in 1872, forty millions in 1889, fifty millions in 1909.

Until she was forced to open trade with the West, Japan had lived as an isolated country with a minimum of agriculture and industry. Though some industries, or rather crafts, had reached a high standard of quality—the Portuguese, three hundred years ago, bought swords, spears, iron nails, porcelain and lacquer ware from Japan—the output was usually distributed only within a narrow radius. With the fall of the Shoguns and the restoration of the Emperor Meiji to effective power in 1868, the economic abilities of the nation obtained free play. By the turn of the century Japan was well on the road to industrialization.

The World War gave Japanese industry and trade undreamt-of opportunities. The Western Powers needed all that Japan could produce, and in addition left the Chinese market wide open to Japanese exports. Industrial centres sprang up and grew swiftly, drawing millions of landless peasants into the towns. Industry in turn invaded the countryside: roads were constructed, electrical power was carried into the smallest village, and home industries spread far and wide. In an incredibly short time Japan became an industrial country dependent on foreign trade for the sustenance of a rapidly growing population.

Apart from its effect on Japanese industrialization, the World War brought Japan two important advantages: first, she obtained possession, under a League Mandate, of the formerly German islands in the Southern Pacific which block the U.S. route to the Philippines and China, and

alternatively provide a tempting jumping-off ground for the penetration of the Southern Pacific. Secondly, Japan obtained a virtual economic protectorate over Manchuria.

At the Washington Conference in 1921 Japan claimed for the first time the status of a major naval Power. Her position was recognized by the "naval ratio" of 5-5-3 for the fleets of Great Britain, the United States and Japan; a proportion calculated to give Japan actual superiority over such forces as the other powers could spare for the Western Pacific. The existing territorial status in the Far East was affirmed by the Nine-Power Treaty, which proved no more durable than any other treaty signed after the World War.

In the decade that followed the Washington Conference Japan grew more and more restive in her relations with foreign powers. It became clear that she was out to dominate China, and the chaotic conditions resulting from the endless civil wars of the Chinese presented a tempting opportunity for intervention. Spurred on by the prospect of easy victory and the growing pressure of domestic problems, the Japanese were increasingly swayed by imperialist ambitions. The army, in the hands of a faction of extreme nationalists led by General Araki, gradually gained control over national policies. Democratic institutions were too recent in Japan to hold their own against militarism. Time and again the extremists of the army took the bit between their teeth and committed the Government to aggressive ventures in China.

At the London Naval Conference in 1930 Japan claimed the right to build a navy seventy per cent. as large as those of either Britain or the United States. With the utmost difficulty her delegates were persuaded to accept once again the Washington ratio of 5-5-3; but the surrender met with fierce opposition in Japan. As a direct consequence, two successive Prime Ministers, Mr. Hamaguchi and Mr. Inukai, were assassinated by young "patriots". These murders signalized the doom of parliamentarism and the ascendancy of the army.

In 1931 the Frankenstein monster which the Western

Powers had hopefully created began to turn against its makers.

The Japanese Scheme

The "Mukden incident" of 1931, which gave the signal for the Japanese advance on China, changed the history of the world. The conquest of Manchuria which arose from it proved to be the first instalment of a comprehensive Japanese plan to subjugate China and drive the Western Powers out of the Pacific. During the five succeeding years the Japanese army, dragging with it a reluctant home Government, set up the puppet state of Manchukuo, invaded the province of Jehol and parts of Inner Mongolia, and forced a large area of North China to accept virtual Japanese control. Direct action was supplemented by strong pressure on the Central Government at Nanking, which, deserted by the League of Nations, could do no more than soften the impact of the Japanese advance by diplomatic manœuvring.

In April 1934 Japan came into the open with a declaration which has since become known as the Japanese Monroe Doctrine. It was to the effect that Japan regarded herself as responsible for the "maintenance of peace" in Eastern Asia, and would brook no interference in Chinese affairs from other powers. About the same time Japan began to demand naval parity with Britain and the United States, a claim which eventually led to her withdrawal from the London Naval Conference of 1936, after which she considered herself free to build as large a navy as she thought fit.

During the experimental stage immediately following the conquest of Manchuria it seemed as if further Japanese designs were principally directed towards the West and North—in other words, against the Soviet Union. Russia had meekly yielded to the Japanese in Manchuria, although the conquest deprived her of a valuable outlet to the sea and exposed her maritime provinces to immediate danger. It was believed—no doubt correctly—that the Japanese intended to try again where they had so easily succeeded. But by the time Japan had consolidated her position up to

the Soviet frontiers the Russian forces in the Far East had been increased to such an extent that any further advance was certain to involve Japan in war on the largest scale. Once this prospect became clear beyond doubt, Japan turned southward. She is now engaged in a many-sided campaign of expansion which is bound to lead either to a vehement clash with the other Pacific powers or to Japan's own downfall.

Disregarding the more advanced claims of Japanese nationalist writers, who envisage, in vainglorious ramblings not unlike Herr Hitler's *Mein Kampf*, the "liberation" of all Asia, and ultimately of the whole world, under Japanese leadership, the outlines of Japan's Imperial vision can be safely deduced from responsible statements and actions already taken. Broadly speaking, there are four distinct ways of approach, each pursued independently of the others but all serving the same end.

Via Mongolia

1. The army's plan of closing the inland gates of China towards Central Asia, by extending Japanese control from Manchuria through Mongolia to Sinkiang and possibly to Tibet, thus driving a wedge between China and the Soviet Union. Japanese strategists are convinced that the whole of China will fall under Japanese control as soon as it is firmly encircled.

The military domination of North China, at any rate, depends on a solid hold on Mongolia. "In order to conquer China, we must first conquer Manchuria and Mongolia," says the celebrated Memorial of General Tanaka; and though Japanese authorities have denounced this document as a forgery, General Araki in his book *Problems of Japan in the Showa Era* states frankly that the establishment of Japanese authority in both Manchuria and Mongolia is an essential condition for the fulfilment of Japan's design. He predicts that the advance into Mongolia might prove more difficult than that into Manchuria, but declares that "Whatever the obstacle resisting the progress of the imperial idea, it must

be destroyed."* Although Soviet Russia had gradually gained control of *Outer Mongolia*, it was expected that they would yield to Japanese pressure as they had done in Manchuria. As it turned out, they did not yield, and Japan was compelled to take the more precarious road through *Inner Mongolia*, which affords only a thin strategic cover for North China.

✓ Russo-Japanese rivalry in Mongolia has existed since the beginning of the century. The Russians were first on the scene: their overland trade-route to China ran across Mongolian territory. Mongolia was then, as it is now, in theory a part of China, though the Mongol Princes never entirely recognized Chinese sovereignty. The Sino-Russian Treaty of 1881 had affirmed Russia's interest in Mongolia, and thirty years later Russia concluded a separate treaty with Outer Mongolia, which had grown more and more independent of China, while Inner Mongolia became more directly subject to Chinese administration.

✓ Soon after the Russo-Japanese War of 1904/05 Japan began to assert her interest in Mongolia. By the treaty of 1910 Japan and Russia undertook to respect each other's special interests in "Mongolian territory". The territory referred to was intentionally left undefined, as there are Mongols in Manchuria as well as in Inner and Outer Mongolia. An attempt at definition was made in 1912, but has never been taken seriously.

Japanese plans for the penetration of all Mongolia were revived in 1917, when the matter was raised in the famous twenty-one demands to China. In the succeeding years the Japanese pursued their objectives mainly by inciting the Princes of Inner Mongolia to organize an all-Mongolian movement for autonomy. They were frustrated in Outer Mongolia by Soviet Russia, which intervened to put down the fantastic reign of terror of the "White" Russian Baron Ungern-Sternberg. After a series of local revolts, a "Mongol People's Republic" was set up in Outer Mongolia, and gradually the Soviet Union established complete though unobtrusive control of the new State.

* *Pacific Affairs*, March 1936.

The legal position is now that the Soviet Government recognizes the sovereignty of China over Outer Mongolia while the Government of Outer Mongolia does not recognize it. A military alliance between the Soviet Union and Outer Mongolia has actually existed since 1921, as the Japanese Ambassador in Moscow was officially informed on April 1st, 1936. This agreement had continued for fifteen years without being stated in writing, but when a series of obviously intentional frontier violations on the part of the Japanese made it clear that Japan was actively pressing towards Outer Mongolia, a Protocol defining the alliance was signed in Ulan-Bator (the capital of Outer Mongolia) on March 12th, 1936. A few days earlier, on March 1st, M. Stalin had publicly declared that "if Japan should venture to attack the Mongolian People's Republic and encroach upon its independence, we will help that Republic just as we helped it in 1921". That statement, with the Protocol which followed it, meant that the Soviet Union was prepared to go to war if Japan attacked Outer Mongolia.

The chief reason for this Soviet attitude lies in the fact that in a war between Japan and the Soviet Union the Japanese forces could outflank the Red Army through Outer Mongolia and at the same time strike at the industrial centres and food reserves around Lake Baikal. The Russian defences along the Soviet-Manchukuo frontier are considered to be almost impenetrable. Presumably a stalemate would arise here soon after the outbreak of hostilities. In that case Outer Mongolia seems to offer to Japan a reasonable prospect of forcing a decision; and it is obvious that the prospect would be far better if she secured control of this "Belgium of the next War" in peace-time.

However, as soon as Moscow declared its intention to resist, the Japanese abandoned their pressure on Outer Mongolia. The minor attacks during 1935 were in fact intended merely to test the extent of Soviet patience. The prompt withdrawal after Stalin's declaration is a sign that Japan has at least postponed the conflict with the Soviet Union which a few years ago appeared to be imminent.

The landward encirclement of China must now proceed

via Inner Mongolia, parts of which—Jehol, and sections of Chahar and Suiyuan—have already come under Japanese control. Jehol was occupied outright and annexed to Manchukuo. In the other provinces Japan is advancing partly by military outposts and partly through her influence on Prince Te Wang, the leader of an independence movement in Inner Mongolia. At one time the Japanese laid plans for the reunion of the Mongol people, of whom some 2,000,000 live in Manchukuo and 1,250,000 in Inner Mongolia. Even without the adherence of Outer Mongolia this movement would have brought solid advantages to Japan. But the Mongols are nomads, unused and unsuited to national unity. Though some of their Princes have accepted Japanese “advice”, the masses have become suspicious and obstructive. Progress has been very slow, and there are frequent setbacks. Nevertheless the Japanese are confident that they will soon subjugate the whole of Inner Mongolia, and if they decide to use military force there will be little to stop them.

✓ In Sinkiang, or Chinese Turkistan, the Japanese have long attempted to obtain a footing, but have been balked by Russia. For some years the Sinkiang Government has been in close touch with the Soviet Union, which has gained a prominent place in the trade and policy of the country. Whether or not the rumours of a military alliance between Sinkiang and Soviet Russia are true, it seems quite certain that Russia would not tolerate any Japanese intervention in the province. The help given by Moscow to the Sinkiang Government in the suppression of the Tungan revolt may well have been prompted by the fear that the Tungans, whose home is in Kansu, might be used by the Japanese to gain control of Sinkiang if Kansu should fall into Japanese hands.

| It will be seen that the plan of the Japanese army theorists is bound to meet with increasing difficulties as it is carried southward from Manchukuo. But it should also be realized that this plan, with periodic adjustments, has existed for over thirty years. The Japanese have shown themselves capable of waiting on opportunity. Time, they believe, is with them. They have always achieved their greatest suc-

cesses at moments when the attention of the other Powers was diverted by war or internal difficulties.

Among other possibilities they might well foresee a European war in which the Soviet Union would be compelled to fight for its life to ward off a German attack. The German-Japanese agreement of November 1936, even if taken at its face value as an arrangement for "the exchange of information on the activities of the Communist International", clearly suggests that the usefulness of concerted action is fully realized in Berlin and Tokio.

✓There are plenty of opportunities for carrying on the "imperial idea" without offending the Soviets. Having consolidated their position in Manchukuo and secured partial control of Inner Mongolia, the Japanese can calmly proceed to reap the harvest of their strategic move. North China lies open to their grasp. Whether they proceed by conquest or indirect control, nothing seems likely to prevent them from establishing their influence in the vast area of the Northern Chinese provinces, which, with the territories already subdued, form a great potential source of those raw materials in which Japan herself is most deficient, and an immense market for the products of Japanese industries.

South Pacific

II. The navy's plan of developing Japan's position in the Southern Pacific, which merges with a scheme for the seaward encirclement of China. The first half of this programme may be illustrated by a statement of Lieutenant-Commander Tamemoto, the Paymaster-in-Chief of the Japanese navy (*Toho Keizai*, October 1935): "Those who complain of the shortage of Japan's natural resources are shortsighted. ✓They should realize that there exist in East Asia and the South Sea Islands immense resources which are all within economic reach of Japan. Considered thus, Japan is richer in natural resources than Britain or the United States. But in order to transform potential wealth into reality we must have a navy powerful enough to command the seas."

About the same time, Mr. Machida, then Minister of

Commerce and Industry, stated in a newspaper article: "The establishment of economic collaboration with both Manchukuo and China will ultimately give Japan the necessary raw materials for her industries. But in addition to this we must advance into the Southern Pacific. The Pacific Islands are of great importance to Japan from both the economic and the military point of view. It is only when economic collaboration has been extended to the Pacific Islands that Japan's industries will be able to develop without importing raw materials from the West." Mr. Machida, incidentally, is the leader of the Minseito party, which is generally regarded as Liberal.

Again, Vice-Admiral Sankichi Takahashi, as Commander of the combined fleet, stated in a speech at Osaka: "Japan's economic advance abroad has hitherto been concentrated upon Manchukuo. This advance should now be terminated and a new course set towards the South, with either Formosa or the mandated South Sea Islands as a foothold. In such a case, the cruising radius of the Japanese navy will have to be rapidly expanded as far as New Guinea, Borneo, and Celebes. Our navy has been formed with a view to national defence only, while the United States navy is formed with a view to protecting and expanding American trade. After the breakdown of the London Naval Conference, the Japanese Navy will have to make the necessary preparations for the protection of Japan's future trade development."

The "southward advance" has been ushered in by the appointment of a naval Governor of Formosa and by an ambitious plan for the opening up of both Formosa and the mandated islands in the Southern Pacific. Japanese emigration to these islands is to be organized on a large scale; harbours, roads, and local industries are to be developed; wireless and air communication with Japan is to be improved. At the same time, signs of increased Japanese activity in the Philippines, in Siam, and in the Dutch East Indies have been noticeable for the past year or two. Private commercial interests have combined with official and semi-official authorities in a determined trade drive in

these regions. True to precedent, trade is followed by emigrants and political pressure.

An intensive propaganda campaign is proceeding in Japan with the object of evoking support for the Japanese "mission" in the Southern Pacific. It is not unusual in these days to find extravagant statements like that of the Chairman of the Japanese Siam Society, Mr. Yada: "The world situation is constantly changing. It is highly doubtful how long Holland can retain her possessions in the East Indies, which are more than sixty times as large as her homeland and which she continues to exploit to her advantage. It is also uncertain how long India will remain a British possession. When we consider these prospects we are convinced that Japan must make her way southward; and there is no time to be lost. In the course of our southward expansion we meet Siam, a country as large as Germany and France taken together, capable of producing immense quantities of raw materials and friendly disposed towards Japan."

✓ It is true that since the revolution of 1932 Siam has begun to look more than previously to Japan for advice as well as for commercial supplies. During the past two years there has been a lively exchange of students, professors, naval cadets, and experts of various kinds. Siamese officers, who used to be sent to Germany for special training, are now being sent to Japan. Important orders for railway material, warships, etc., have been placed in Japan. As Siam is fast becoming an important junction of Eastern air routes, and its domination by Japan would short-circuit Singapore just as the Italian conquest of Abyssinia has short-circuited Aden, the progress of Japanese penetration of Siam will be watched with some excitement. So far the actual achievement is modest. There are less than 300 Japanese in Siam against 2,500,000 Chinese. The much-discussed plan for cutting a canal through the isthmus of Kra on the Malay Peninsula, 700 miles above Singapore, has not gone beyond the stage of general talk; as long as Great Britain holds Singapore the canal is unlikely to be cut. Even so, the Japanese are gradually gaining a foothold in Siam which,

moderately stated, greatly increases their interests in the Southern Pacific. In the far distance, beyond the rich crop of British and Dutch islands, loom Australia and New Zealand.

As for the second purpose of the "southward advance", the seaward encirclement of China, Japanese policy has long been particularly active in the South-West Chinese provinces of Kwangsi, Kwangtung, and Fukien. The repeated revolts of these provinces against the authority of the central Chinese Government at Nanking were undoubtedly supported by Japan, if only by the supply of arms to the rebels. And Japan has made great efforts to promote trade, to settle emigrants from Formosa, and to gain political influence. Here again progress has been slow. The Fukien revolt was crushed by Nanking troops, and the attempt of the South-Western provinces in the summer of 1936 to defy Nanking's authority was foiled without a shot being fired. The latest South-Western revolt, which was financial rather than political in origin, actually resulted in an extension of the Central Government's authority over provinces previously ruled by the semi-autonomous Canton Government. Japan, however, is accustomed to reverses and knows how to attain her ends by devious methods.

The Japanese navy already dominates the waters of the China coast. If it continues to strengthen its hold on Shanghai and the Treaty ports to the South, naval strategists may well look forward to a time when Japan will be capable of blockading the maritime gates of China. From the seaports the Japanese navy could penetrate inland to the river ports which are the nerve-centres of Chinese commerce.

- ✓ The southward drive is bringing Japan into direct conflict with the established interests of Great Britain and the United States. Until a few years ago there was something like a tacit understanding between Britain and Japan which, as it were, partitioned China into a Northern, Japanese, and a Southern, British sphere of influence. It was considered unlikely that Japan would risk the diplomatic isolation which was certain to result if she attacked Soviet Russian, American and British interests simultaneously.

These predictions have been proved false, partly because the rapid growth of Soviet military strength prohibited any further Japanese advance into Siberia and Outer Mongolia; and partly because Manchuria, though invaluable strategically, turned out a disappointment in the economic sphere. The conquest of Manchuria did little to relieve the pressure of over-population and the needs of industry in Japan. It was imperative to find new outlets.

- ✓ The convenient idea of a tacit partition of China into British and Japanese "zones" finally collapsed when the Japanese Government curtly refused to listen to the proposals for co-operation made by Sir Frederick Leith-Ross, the British Government's chief economic adviser, when he visited Tokyo in 1935.
- ✓ As for America, she is interested in East Asia not only through her trade with China, but more directly by the possession of the Philippine Islands. America was late in becoming an Asiatic Power. It was only in 1898 that she gained her first outpost in the Pacific by the annexation of the Hawaiian Islands; and the Philippine Islands were ceded to the U.S. by Spain in 1899. Possession of the Philippines was first regarded in America as a welcome stepping-stone to further expansion of influence. But it was realized before long that the United States, in extending her territorial interests to the China Sea, had given hostages to fortune which might yet demand excessive sacrifices. As a result of the Great War Japan obtained the formerly German islands in the Pacific, the Mariana, Caroline and Marshall Islands. A glance at the map will show that they are situated on the direct line between the United States and the Philippine Islands. The recent Japanese tendency to develop the resources of these islands and to penetrate the Southern Pacific generally has accentuated the old U.S.-Japanese antagonism. If America meant to hold on to the Philippines at all costs, a war with Japan would be inevitable.
- ✓ But everything points to the probability that America is withdrawing from her Asiatic position. America, it seems, will in future concentrate on the defences of her own shores, which are already unshakeable; and Japan will

have free play, as far as the U.S. is concerned, in the Southern Pacific.

✓ Another, though minor, motive for the recent preponderance of the southward plans is to be found in the professional rivalry between army and navy. From the time of the invasion of Manchuria in 1931 the army was predominant in domestic affairs. Although during the five succeeding years the Governments were headed by two retired Admirals, Saito and Okada, the navy had comparatively little say in the shaping of national policies. Continental expansion necessitated a strong army rather than a powerful navy. From 1935 onwards, however, the prestige of the army began to suffer. The continental policy of the army leaders had involved Japan in colossal expenditure without offering even the hope of corresponding economic advantages. The disappointment over Manchukuo led to widespread doubts as to the wisdom of the army policy as a whole. That policy had, moreover, brought the risk of war with Soviet Russia perceptibly nearer. Finally, the dissensions in the ranks of the army itself, which had been evident for many years, began to assume the proportions of a revolt. The discipline of the force was gravely shaken; unauthorized actions by local commanders of mainland garrisons, though quickly accepted by a servile civilian Government, could not but produce the impression that there was no effective control over national policy. The failure of the army leaders to achieve the separation of the North Chinese provinces, which they had attempted, further detracted from the popularity of the army. It was finally shaken by the Tokyo mutiny of February 1936.

Meanwhile the navy, though not sharing the glory, had not shared the failures of the army. In 1935, when the London Naval Conference was taking shape, a new focus for national prestige emerged in the claim for naval parity with Great Britain and the United States. Popular attention was turned from the protracted continental efforts of the army to the éclat provided by the navy. The denunciation of the Washington Treaty was a challenge to a "hostile" world; when it passed without untoward consequences, the

Japanese felt that they had won a victory. And it was the navy's victory. Followed the withdrawal from the London conference and the proud declaration that Japan would build a navy as strong as she thought fit. Inevitably the naval authorities seized the opportunity to extract funds for an increase of the fleet. They captured the popular imagination by their programme of opening up new vast regions for Japanese expansion. If Japan's future lies in the South, it must inevitably "lie on the water".

Too much importance should not be attached to the present rivalry between the respective plans of the army and the navy. Both are pursued with equal determination, though in the immediate future progress on the mainland may be less spectacular than that over the seas. Japan, like Germany, has a comprehensive vision of future greatness in which now this part, now that, may be brought into prominence as opportunity arises.

Peaceful Penetration

III. The third Japanese method of expansion is *diplomacy*. There has long been an impression that Japan was speaking with two voices; that the civilian Government was sincerely pursuing a moderate policy, while the extremists of the army pursued an aggressive policy of their own. No doubt the contradiction exists. No doubt the professional diplomats and the civilian politicians have often been aghast at the risks taken by the army "activists". No doubt the Japanese army would not have invaded Manchuria, Inner Mongolia and parts of North China if the military authorities had been under the full control of the civilian Government. On the other hand, it should not be forgotten that there are actually two governments in Japan: one section of the Cabinet is at least supposed to be responsible to Parliament, the other—comprising the Ministers of War and the Navy, with an Air Minister shortly to be appointed—is directly responsible to the Emperor. The administrative Ministers, including the Premier, have often been dominated by the service Ministers, though never since the Great War has a Premier

dominated the service Ministers. The dual control of Japanese policy is one, though not the only, explanation of the double-faced appearance of that policy itself. It is not only in a manner of speaking that the left hand of Japan does not always know what the right hand is doing. The schemes of the diplomats are frequently shattered by the actions of the warriors.

There is, however, another and more fruitful way of looking at the dualism of Japanese foreign policy. Both aggression and peaceful diplomacy are necessary for Japanese expansion. In international relations one can overcome an opponent either by fighting him or by winning his sympathy. Japan, like Germany, is inspired with a vague, almost mystic idea of the course which the nation ought to take towards future greatness. How this course is to be pursued at any given time is a matter of instinct and opportunity. A moderate Japan, like a peaceful Germany, only represents a particular stage in the process of expansion. The "imperial idea" will not and cannot be abandoned short of a collapse of national will-power.

These reflections arise out of the periodic efforts of Japanese governments to place relations with China on a peaceful and less abnormal footing. Mr. Hirota, the present Premier and former Foreign Minister, has frequently attempted to win some sort of willing support from the Chinese. His appeals for Sino-Japanese co-operation, though obviously tinged with conceptions of patronage rather than friendship between equals, have not been entirely unsuccessful. Even while the army was making further inroads into Chinese territory in the North, Mr. Hirota achieved a remarkable decline in the Chinese boycott of Japanese goods. By a combination of friendliness and intimidation the Chinese Government was persuaded to postpone and alter its proposed customs tariff in favour of Japan, to recognize a number of old and dubious Japanese loans, and to co-operate with Japan in many ways. It is not suggested that Japan would have achieved these advantages without the threat of force, but that force alone would have been very much more expensive to apply. Japan has

in fact reached a stage in her penetration of China where further occupation of territory will be increasingly costly. The control of North China, and whatever regions may be added in future, will probably take the form of indirect rule rather than direct occupation.. If Japan is to hold her own in these vast provinces on the strength of a few scattered garrisons, she must have the co-operation of at least a section of the Chinese. Diplomacy, in other words, will become increasingly important.

IV. Among the less spectacular methods of the Japanese advance is *economic penetration*. In Manchuria, the seizure of power had been preceded by twenty-five years of patient work in the construction of railways, roads and harbours, in the building-up of local industries and the acquisition of the commercial and financial nerve-centres. A similar task, though on a much larger scale, awaits Japan in North China or, if we are to believe the more hopeful Japanese prophets, in the whole of China. It is generally accepted that the Japanese are planning to transform China into a vast production centre of raw materials and a closed market for Japanese manufactures. The gradual industrialization of China, which Sun Yat-sen recognized as a preliminary condition of the modernization of the Chinese people, is severely deprecated in Japan. In the immediate future the chief aims are the development of agriculture and cattle-raising, the cultivation of cotton, and the opening-up of mineral resources. For these purposes roads and railways, research stations and experimental farms must be constructed throughout the country. Many Japanese experts have already toured North China with a view to drawing up detailed plans. The co-ordination of development schemes will probably be left to the South Manchurian Railway Company, which has gained unique experience in this kind of work in Manchuria. The S.M.R. was the pioneer of Japanese penetration in Manchuria. Now that its main functions have been taken over by the political and military authorities, its energies and resources will be utilized for North China.

In view of the relative failure, in the economic field, of the

Manchurian venture it has for some time been held in Japan that the continental sub-Empire can only attain its full value if it is enlarged by the addition of North China. This does not necessarily mean a political union between the "Empire" of Manchukuo and the adjoining Chinese provinces, though such plans are often discussed. What matters is the creation of a single economic unit from the Siberian frontier to the Yellow River, and ultimately, perhaps, down to the Yangtse. There are in Chahar the most important iron deposits of the East, producing first-class ores. There are important coal-mines in Shansi, oil-wells in Shensi, and great possibilities for cotton-growing in Hopei, Shantung, Honan and Shansi. Here is a task which may well occupy Japanese attention and tie up Japanese capital resources for many years to come.

Less striking, but no less important, is the commercial drive now proceeding in the regions of the Southern Pacific. The impoverishment of the native populations throughout the East during the slump of agrarian prices has given Japan unexpected opportunities of selling her cheap export products. That stage has by now been well consolidated and Japan is preparing to enter the markets for more expensive goods such as she did not even produce a few years ago. Her heavy industries, swiftly developed under the spur of armament expansion, are now ready to compete with the older industrial countries for the eastern markets. Fierce competition among Japanese producers, the result of overcrowding in every industry, lends added zest to the export drive.

In the final result these commercial activities, arising from the same cause, serve the same end as the political plans of the imperialists. Trade, as often as not, precedes the flag.

CHAPTER XI

RIVAL POLICIES IN THE FAR EAST

FOR A FEW YEARS after the Washington Conference of 1921 an uneasy truce persisted between the four Powers principally interested in China. About 1926 Soviet Russia took the offensive. The Chinese National movement, whose armies, issuing from the South, launched an extensive campaign against the War Lords of Central and Northern China, was actively assisted by Russia. It subdued a large part of China, including the provinces in which the trade interests of the Western Powers are centred. The common menace of Russian interference produced for a short time a common front between England, America and Japan.

But in 1927 the Soviet-Chinese alliance broke down. General Chiang Kai-shek established a Central Government at Nanking, turned out the Bolshevik advisers, instructors, and propagandists, and assured the Powers of his co-operation. Soviet influence was henceforth confined to the regions where Chinese Communist régimes had been set up in opposition to the Nanking Government. As the Communist forces were gradually driven out of the chief centres of foreign trade, the Red scare subsided and the old differences between Britain, Japan, and the United States were revived.

After an interval of four years of uncertainty punctuated with menacing incidents, the tension came to a head with the Japanese invasion of Manchuria at the end of 1931. From that moment the steady progress of the Japanese offensive has been the focusing-point of international rivalries. During the first stages of the Japanese advance the United States was most active with protests and threats, while England remained a passive onlooker. Japan was able to profit from the Anglo-American disagreement until 1933, when a

number of coinciding events changed the British attitude. Chief among them was the fact that the United States, isolated by British forbearance towards Japan, suddenly lapsed into inactivity in order to force England's hand. About the same time Japan's advance began to turn southwards; Anglo-Soviet relations improved; and the Chinese Communists were finally driven out of the central provinces.

By 1935 British policy had at length been compelled to take notice of the Japanese menace to British interests in China. A tentative collaboration has since come about between Britain and the U.S. in China, though their respective attitudes towards the Soviet-Japanese rivalry are too different to make genuine united action likely.

British Policy

The foundations of British policy in the Far East can be outlined in a few sentences. Some £200,000,000 of British capital has been invested in China; and in spite of the present slump Great Britain still exports goods worth some £8 millions to China each year. She cannot afford to lose either the capital already invested or the market on which a considerable section of her industrial population lives. Nor can she abandon over 1000 British firms settled in China and the port and Crown Colony of Hong Kong. Moreover, Great Britain has vital political and strategic interests in China. Her prestige as a Great Power in Asia is bound up with her standing in the Far East; to yield there to another Great Power would be to endanger the security of Australia and New Zealand, of Borneo and New Guinea, of Malaya, and ultimately of India herself—not to mention the Dutch East Indies, which rely largely on British protection. Further, the British position in the Far East is closely connected with European and Mediterranean problems. If Britain were forced to concentrate a large part of her naval forces in the Far East, she would be dangerously weakened as against Germany and Italy. And if ever a war were to break out between Japan and the Soviet Union, it is more than likely that it would bring to a head the German-

Russian tension and thus lead to a European war, which it is the guiding principle of British policy to avert.

For twenty years Great Britain and Japan were allies.¹⁵ Their common interest was to restrain Russia. The Japanese expansion during that time took place at the cost of Russian and American rather than British interests. At the Washington Conference the Anglo-Japanese alliance was terminated;¹⁶ but the long-standing Anglo-Japanese friendship survived for more than ten years. The Russian menace was suddenly revived during the Chinese revolution of 1926/27, when both England and America gratefully accepted the services of Japan as a *gendarme* in China. The fear that Russia might capture or at least disintegrate the whole of China by means of Communist propaganda persisted for some time after 1927. Naturally the shock had been more severe for England, which is more exposed to Russian designs, than for the U.S. In 1931, when the Japanese invasion of China began, American policy had recovered from the shock and turned its attention to the new Japanese menace. Britain, on the other hand, maintained a tolerant attitude towards Japanese aggression, partly because she refused to believe that Japan would seriously interfere with British interests, and partly because of the continued strength of the Chinese Soviets.

For five years after the breakdown of the Sino-Russian alliance in 1927 the Chinese Red armies remained entrenched in southern and central China, where British interests are strongest. In 1932, the Lytton Commission described the Chinese Communist movement as "an actual rival of the national Government". It was then estimated that the Communists were in control of some 330,000 square miles or one-sixth of China proper, comprising a population of some ninety millions. The Communist movement reached the height of its power and extent in 1933. In the following year, when the Nanking Government succeeded in putting down the Fukien revolt and launched a determined campaign against the Red armies, the area of Communist influence shifted towards the North and West of China—away from the British zone.

About the same time the rearmament of Germany created

a new situation in Europe: the Soviet Union entered the League of Nations, and Anglo-Soviet relations rapidly improved. The sensational growth of Japan's foreign trade—which was felt as a sudden onrush because of the sharp contraction of total world trade—produced in England a feeling of alarm bordering on panic. Again, the territorial expansion of Japan, stopped by the unexpected increase of Soviet military strength, turned southwards and began to cut deeply into the British zone of interest. The first signs were then appearing of Japanese designs in the Southern Pacific, and it was no longer possible to doubt that Japan meant to spare no one in the building-up of her Empire.

The event that finally forced England's hand was the change of American policy in 1933. The Americans had seen their efforts to restrain Japan frustrated by British tolerance. They felt that their policy was placing a severe strain on their relations with Japan without producing tangible results. President Roosevelt decided to sit back and let England do the heavy work for a time.

The year 1933—in which, incidentally, Japan left the League of Nations—became the turning-point of British policy in the Far East.

✓ The new British policy in the Far East is characteristically two-sided. While measures are being taken to strengthen and protect the British position in China against the menace of Japanese expansion, simultaneous efforts are in progress to bring about an amicable agreement with Japan on a basis of compromise. As for the first part of this programme, England is by now fully awake to the fact that Japan aims at monopolist control of the whole of China. The repeated Japanese assaults on Shanghai, the political intrigues in South-West China, the steady extension of Japanese influence in North China, the open proclamation of Japan's claim to exclusive control of East Asia in 1934, and the swift increase of Japanese land, air and sea armaments, all combine to create the impression that a trial of strength may ultimately be inevitable. The hope that Japanese expansion might be confined to the North of China has proved as false as the assumption that Japan's financial and economic resources

would not stand the strain of large-scale overseas colonization.

✓ But although it is increasingly realized that Great Britain, if she is to retain her power in the Far East—and with that her world power—may yet have to take sides against Japan, there are very good reasons for postponing an open conflict as long as possible. ✓ To mention only one of these reasons: Britain's power at the moment is weakened by the decline of her navy since the War, by the naval rearmament of Germany, and by the sudden growth of Italian power in the Mediterranean and the Red Sea. How these factors hang together was strikingly illustrated during the Italo-Abyssinian war, when Britain was forced to make important concessions to Germany in order to be free for a possible Mediterranean conflict, while the British naval forces in the Far East were dangerously depleted by the despatch of vessels to the Red Sea. The rearmament now proceeding in England, though it cannot alter the fundamental dilemma, will help to strengthen her strategic position in the Far East to a certain extent.

It is an old and wise British tradition never to take up a challenge until every possible way of composing the quarrel has been tried. ✓ The year 1934 was filled with efforts to restore friendly relations with Japan. The climax was the visit to Japan and Manchukuo of an economic mission sent out by the Federation of British Industries with the blessing of the Government. The mission was enthusiastically received in Japan, and the air was full of mutual assurances of eternal friendship. But it was soon discovered that Japan was unwilling to abandon a single item of her overseas programme in exchange for British friendship.

✓ Accordingly the next British move was rather less favourable to Japan. It was a proposal for an international loan to China in which Great Britain, Japan, and the United States should collaborate. The proposal, which was made in the form of a draft plan at the beginning of 1935, was welcomed in America as a success of President Roosevelt's new policy, which (said the *New York Times*) had forced England to take the defence of her interests into her own hands instead of

leaving the U.S. to bear the brunt of the resistance to Japan. Japan, however, was up in arms against the proposal. The Japanese Press pointed out that the loan would merely assist the Nanking Government in its opposition to Japan, and strengthen international control over China, thus hampering the efforts of Japan to "restore peace"—in other words, to set up Japanese control over China. The result of the loan proposal was a slight *rapprochement* between London and Washington, though the latter remained too suspicious to join in the British initiative. The Anglo-Japanese conflict was suddenly thrown into sharp relief.

✓ The next British action was more definite. In the autumn of 1935 the British Government despatched its chief economic adviser, Sir Frederick Leith-Ross, to the Far East to study economic conditions in China and to suggest means of improving them. A storm of protest arose in Japan. To avoid offending Japanese feelings the British envoy went to Tokyo with proposals for Anglo-Japanese co-operation in China. His offers were rejected point-blank. He received the impression that Japan demanded recognition of her supremacy in China and would permit England a modest share in Chinese affairs only in return for vast trade concessions in the British Empire.

✓ Sir Frederick Leith-Ross left Tokyo for China to explore what could be done without the co-operation of Japan. The result of his study was the Chinese currency reform announced by the Nanking Government in November 1935. China abandoned the silver standard in favour of a "managed" paper currency. All the silver stocks of the country were taken over by the Government in exchange for bank-notes. The rate of exchange of the Chinese currency was substantially reduced; it was in fact, if not in form, linked to sterling. The reform was unexpectedly successful. It brought to an end the drain on Chinese silver reserves which, caused by the silver-buying policy of the United States, had depressed the price level and crippled trade. Incidentally the success of the reform showed the rulers of China that there was still an alternative to surrender to Japanese pressure. British influence inevitably rose in comparison with Japanese influence.

From this vantage point Britain repeated the proposal of an international loan with the participation of Japan. The reply from Tokyo was even more defiant than it had been a year before. Japan strongly, and with reason, suspected that Britain was trying to baulk her expansion by associating her with the established financial interests in central and southern China. Once international control over China was re-established, it would be far more difficult to set up exclusively Japanese control.

Japan proceeded to "beat the British at their own game". Making use of the de-militarized zone which separates North China from Manchukuo, the Japanese began to facilitate the smuggling of contraband goods into China on a colossal scale. They disarmed the Chinese customs posts, and soon a broad stream of smuggled merchandise poured into China from the North. In the spring of 1936 it was estimated that the Chinese Government was losing no less than one-third of its normal customs revenue through the influx of goods into the Northern breach. Repeated British protests were met with the bland assurance that the Japanese Government had no knowledge of the matter but would see what could be done. The only thing that was done, however, was the trebling of Japanese garrisons in North China.

The present Anglo-Japanese position may be summed up as follows. Great Britain will gradually be forced into active opposition to Japan as Japanese control is extended southward into the zone of established British interests.

Japanese conquest of North China would not in itself force England to resist, but it would be recognized as a jumping-off ground for the further extension of Japanese control down to the Yangtse valley and South China. The growing success in the North, moreover, increases the pressure on the Nanking Government and undermines the financial reforms which were calculated to stabilize, among other things, the British financial and commercial position in China. At the same time, efforts to reach an amicable compromise with Japan will continue for a long time to come.

Nothing is more certain than that Japan will be deterred from her efforts to subdue East Asia only by an overwhelming

combination of the other powers. As co-operation between the Western Powers and Soviet Russia in China is, for reasons which will appear, a very precarious proposition, an Anglo-American front is the most that can be expected in defence of Western interests in the Far East. Let us consider whether the policy of the United States shows any signs of aligning itself with British policy.

The United States in Asia

✓ The United States has a three-fold interest in the struggle now developing in the Far East. (1) U.S. investments and markets in China. There are about £40 millions of capital invested; £27 millions annual trade; 500 U.S. firms in China; a large amount of U.S. shipping engaged in the China trade. (2) The security of the Philippines and the U.S.-China shipping route. (3) The protection of the American continent against Japanese aggression.

Up to the termination of the Anglo-Japanese alliance in 1921 U.S. policy was based on the assumption that Britain would tolerate, if not support, Japanese attacks on American interests. Washington was infuriated by the lack of British co-operation in resisting Japanese aggression. The enormous growth of American naval and air power, which, in theory at least, deprived Britain of her mastership of the seas, was due mainly to fear of Japan.

In the decade which followed the War two tendencies were struggling for control over U.S. policy. One was the pre-War trend of trade expansion, a relic of the times when the U.S. was a debtor country; the other was the new trend of isolationism. With the advent of President Roosevelt, isolation won, though for a few years the momentum of the older policy was still apparent. The first result was the granting of virtual independence to the Philippines; the second was the abandonment of the active anti-Japanese policy in China; the third was the withdrawal of the United States navy from Far Eastern waters to a position suitable only for the defence of the American coast, with its western-most outpost at Hawaii.

Naval opinion in America had long been convinced that the defence of the Philippines exposed the United States to impossible risks. Seven thousand miles removed from the American mainland, and five thousand miles from Hawaii, the nearest U.S. naval base of any strength, the Philippines lie within striking distance of Japan. The two U.S. fleet stations in the Philippines, Cavite and Olongapo, are practically unfortified, and the nearby island of Guam, which might provide a sound basis for the defence of the Philippines, has never been properly equipped for the purpose. The U.S. Asiatic squadron stationed in the Philippines was totally inadequate to resist a Japanese attack. It was in fact known in America as "the suicide fleet".

In 1935 the Philippines were granted full autonomy, though a measure of U.S. control will continue for ten years. Shortly afterwards the main units of the U.S. fleet in Far Eastern waters were withdrawn, leaving only a minor force for local policing purposes. Although this process is not yet completed, it may be taken for granted that America has decided ultimately to abandon the Philippines, and to leave the Western Pacific to the naval control of Japan.

The shortening of the U.S. front has immensely strengthened her power to defend the American coast. As long as a naval force remained in the Philippines, there was always a danger that in the event of war with Japan its inevitable defeat would constitute a moral reverse harmful to American prestige and fighting power. Apart from this psychological factor, the concentration on continental defence has allowed the U.S. to simplify and strengthen her mainland plans. The naval manœuvres of 1935, which for the first time combined the Atlantic with the Pacific fleet, first in one ocean and then in the other, have shown that for defensive purposes the American position is unassailable. From Alaska to the Panama Canal the American coast can be defended with the greatest ease, even assuming that the Japanese were ever foolish enough to despatch their navy across the ocean to a remote land which they could not hope to hold if they pierced its defences at any point.

When the U.S. withdrawal from the Far East is completed, a broad expanse of ocean will separate the fleets of Japan and America. This will undoubtedly remove the chief incentive to a U.S.-Japanese war, but it will also leave Great Britain to take the front place in the defence of her Far Eastern position. Without the protection of the U.S. Navy, the Philippines will be a standing temptation to Japan, and Great Britain could not afford to let the islands succumb to Japanese control. In the circumstances considerable interest has been aroused by an unofficial Japanese suggestion made at the recent conference of the Institute of Pacific Relations. It was to the effect that Japan, Great Britain and the U.S. should conclude a treaty by which the independence and neutrality of the Philippine Islands would be permanently guaranteed. It remains to be seen whether the Japanese Government, including the fighting services, will support this proposal, which would doubtless be welcomed both in London and Washington as a means of easing the tension in the Pacific.

There remains the American interest in Far Eastern markets. U.S. investments and concerns could not be easily abandoned even if American exports should decline because payment in goods is not accepted. Although U.S. policy will probably not return to the strong opposition to Japanese designs which it pursued until 1933, it cannot remain altogether insensitive to the gradual closing of the "Open Door" to international trade in China by Japan. In a limited sense, therefore, Anglo-American collaboration in China is still a possibility. It would be established without difficulty if America were really convinced that Great Britain intended to resist Japanese encroachments at any cost. But that is not the case. The Americans are aware that British policy aims at compromise and collaboration with Japan at the same time as it prepares to defend essential British interests if conciliation should fail. Incidentally, the Americans have not been pleased by the recent financial initiative of England, even though it was directed against Japan. The manner in which Chinese currency was stabilized as a result of British advice inflicted severe financial losses on the U.S.

and undermined her silver policy. Thus the Anglo-American position remains undefined and inconclusive.

A few years ago it was widely believed that the U.S., disappointed with England, might throw in her lot with the Soviet Union. The recognition of the Soviet Government by the U.S. might conceivably have led to a closer understanding; the Japanese at any rate believed that in the event of a Soviet-Japanese war America would assist the Soviet Union with supplies. Some probability was lent to this assumption by the intense activity of the Soviets in the extreme North of the Pacific Ocean. In 1934 the Bering Sea, which separates Siberia from Alaska, was charted by Russian experts for the first time; the harbours, coastal defences, and communications along the Siberian coast were developed at full pressure. It was thought that American supplies might be shipped to the Alaskan ports, whence, in summer, they could cross the Bering Sea protected by Soviet submarines, while in winter aeroplanes equipped with skis would carry out the transport of vital supplies. But these plans, if they were ever taken seriously in Washington, disappeared as quickly as they had come. U.S.-Soviet relations did not develop beyond the restoration of normal diplomatic contact. An understanding between the two countries has remained a distant possibility.

CHAPTER XII

THE CONDITION OF CHINA

Towards National Union

AFTER TWENTY-FIVE YEARS of revolution, civil war and disintegration, some kind of order is gradually appearing in China.

It is a sad awakening. The four North-Western provinces, among the richest in China, are lost to Japan. Two further provinces, cutting deep into the territory inside the Great Wall, are virtually alienated, and it seems only a question of time before most of the country North of the Yellow River must fall under Japanese domination. Outer Mongolia and Chinese Turkestan are controlled by Soviet Russia. Yet within the diminished area some progress towards internal peace and order has been made. China is dimly remembering that it was once a nation.

In a series of civil wars the National Government at Nanking steadily extended the area of its authority in central China. The Communist armies, which three years ago occupied a broad belt of territory running west-eastward across central China, were driven to the far West and North-West. The semi-independent Government at Canton, claiming authority over the four Southern provinces of Kwangtung, Kwangsi, Kweichow and Yunnan, has been brought to heel. Although it would be a gross exaggeration to say that the Nanking Government had established its authority effectively and finally over the whole area of China which is not in Japanese hands, it is at least true that there are at present no civil wars and that the open conflict between the three "governments"—Nanking, Canton, and the Communists—has subsided.

The Red Armies

The Chinese Communist movement has long been an important factor in the international relations of China. In 1931, when the Soviet areas were estimated to cover one-sixth of China proper, their pressure on the Nanking Government was such that all available Government forces had to be employed against them. This was the chief reason for the lack of resistance to the Japanese invasion in the North. The end of 1933 marked the peak of Communist influence. From their main position in Kiangsi, the Red armies successfully resisted the recurring attacks of the Government forces. The southern provinces, with their centre at Canton, entered into a tentative understanding with the Communists.

In December 1933 a revolt broke out at Fukien, the sea-board province in which the Japanese, from the nearby island of Formosa, had long exerted considerable influence. The Nanking Government, assisted by foreign powers with advice, armaments and funds, succeeded in putting down the revolt; and the Red armies never got over that defeat. The Southerners dropped them, and the Nanking armies drove them out of their central strongholds in a series of campaigns which lasted throughout 1934.

The Red armies gave up Fukien and Kiangsi and withdrew intact to the Western provinces, where they established themselves again. "Pockets" of Communist influence remained on the Upper Yangtse, and to this day form a constant source of irritation to the central Government; but they are no longer strong enough to be a menace, largely because of the economic and political measures taken by the Government in the areas freed from Communist armies. General Chiang Kai-shek, the head of the Nanking Government, has stated that his present anti-Communist scheme consists of seventy per cent. political and only thirty per cent. military measures. Economic and social reforms have done much to remove the main causes of the Communist movement; political education is carrying government influence directly to the mass of the population; new motor roads allow of rapid troop movements. Thus the Nanking

Government has been consolidating its position in the provinces cleared of Red troops.

Meanwhile the main forces of the Communists, towards the end of 1935, began a long trek to the North. From a base in Western Szechwan, where they still remain entrenched, the Communists sent their principal army into Northern Shensi, Kansu, and Southern Suiyuan. They are now firmly established on the Western flank of the Japanese forces pressing from Manchukuo into North China.

The Nanking Government is well aware that the Communist forces hold a strategic key position of great importance. Apart from occasional skirmishes, fighting between Government and Communist armies ceased at the end of 1935. Rumours of negotiations between them have been current ever since; and some probability was lent to them by a curious event which occurred in May 1936.

According to the *North China Daily News*, a few thousand Red troops from Shensi crossed the Yellow River and invaded part of Shansi province, where they extracted large sums of money from the local population and captured arms and ammunition from the provincial troops. The Nanking Government sent no less than a dozen divisions into Shansi to fight what was probably less than one division of poorly armed Communists. But this enormous force never attacked the Communists; they allowed them retreat with their loot across the Yellow River. The only permanent result of this strange campaign was that a substantial part of the Nanking army remained in Shansi. This "model province" has been ruled for many years by General Yen Hsi-shan, who has nominally recognized Nanking's authority, but has actually remained independent. It seems quite possible that the central Government arranged the Red incursion into Shansi in order to have an excuse for extending its control, under the pretext of an anti-Communist campaign, over yet another semi-independent province.

The Communists have more than once offered to join the central Government in a war against the Japanese. Although these overtures do not seem to have found acceptance, there are possibilities in the fact that Government and Red

forces are now well established side by side in a broad front facing the Japanese invaders.

The new position of the Chinese Communists opens up a wide perspective of international changes. Most of the Red areas are now practically communicating with territories controlled by Soviet Russia; and the cessation of anti-Communist activities by the Nanking Government has brought nearer the possibility that China might turn once more to Russia for help against Japanese aggression. The circumstances which forced the Chinese in 1927 to denounce the Russian alliance are no longer operative. The central Government is firmly established over the major part of China, and seems quite capable of preventing an understanding with Moscow from leading to the sovietization of China.

The danger of these developments to Japan is obvious. Although the Japanese are confident that they could crush any Chinese attempt at military resistance, even if China were supported by Russia with arms, money and supplies, an anti-Japanese rising in China might quickly affect the population in the Japanese-controlled provinces, and even in Manchukuo. The people in these regions may welcome the ordered conditions which Japan has restored; but the Japanese have dismally failed to obtain any popular support. The heel of the oppressor rests heavily and cruelly on the conquered. If China chose to fight, there would be hardly a man left in Manchuria or North China who would not sympathize with the national cause. This prospect is already a nightmare to the Japanese. They are all the more alarmed at the prospect of a Nanking-Moscow understanding because it might, in the event of a Soviet-Japanese war, endanger the food and raw material supply of the Japanese armies, and perhaps even compel them to divert a large contingent for defence against Chinese forces.

The attitude of the Western Powers towards a Sino-Russian rapprochement would be one of suspicious tolerance. Anything that strengthens China against Japanese aggression is naturally welcomed. But if the Chinese were encouraged to declare war on Japan, the chances are that they would be quickly and decisively beaten, with the result that

Japanese domination would be stronger than before. If by a miracle the Chinese should succeed, Soviet influence might have become so strong that the financial interests of the Western Powers would once again be endangered by internal Chinese developments. The Japanese accusation that the Western Powers are actively encouraging China to come to terms with Soviet Russia is wide of the mark.

Very Civil War

Let us now turn to the South, where until recently a semi-independent government had ruled over four important provinces ever since the split in the Kuomintang—the nationalist movement—in 1929. Canton, the seat of this government, has played a prominent part in Chinese affairs. It had been a sort of second capital to China even before the revolution. In Canton Sun Yat-sen began the movement which overthrew the Emperor and changed the face of China. From Canton the Kuomintang army launched the triumphant campaign which established the Nationalists in power.

The "South-West Political Council" at Canton held sway over the provinces of Kwangtung and Kwangsi; and, to a lesser extent, Yunnan and Kweichow. It remained the centre of the "Left Wing" of the Kuomintang, and though it recognized the unity of China, it resented the dictatorial position which General Chiang Kai-shek had established for himself at Nanking. Kwangtung and Kwangsi built up large and efficient armies supported by a substantial air force. Curiously enough, the Kwangsi army accepted Japanese military instructors and was supplied by Japan with arms and ammunition on easy terms. The outstanding personalities in the South were the Kwangtung leader, General Chen Chi-tang, and the two Kwangsi chiefs, Generals Pai Chung-hsi and Li Tsung-jen.

Until the spring of 1936 relations between Nanking and Canton were tolerably correct, though friction was seldom absent. An opportunity for improving these relations occurred through the death of Hu Han-min, the veteran Kuomintang leader who had been most active in opposing any extension of Nanking influence. The situation was com-

plicated, however, by a financial problem. In the course of the currency reform, which provided for the nationalization of all silver held in China and the issue of a new paper currency by a Central Bank, the Nanking Government requested the South-West Council to hand over the silver which it had collected. It was a matter of one hundred million Chinese silver dollars. Canton did not actually refuse to hand over the silver; but it was now discovered that currency notes far in excess of the legal limit had been issued by the South-Western Government. Negotiations began with the object of finding a basis for the exchange of old against new currency. These talks went badly for the Southerners, and suddenly, in June, Canton mobilized and threatened civil war.

A curious red herring was now drawn across the financial quarrel: Canton demanded that Nanking should "declare war on Japan"; it offered to put its forces at the disposal of a national rising. There was never any substance in these fulminations. While the Southern commanders were very slowly moving their armies northwards, they hurriedly bought further supplies of ammunition from Japan, which were delivered without hesitation on terms of payment spread over twelve months. As soon as it became clear that the Canton move was directed only against the central Government, things began to move quickly. The entire southern air force deserted to the central Government camp; the troops refused to march, and Canton opened negotiations with Nanking. The civil war never went beyond more or less civil words. General Chiang Kai-shek formed a national defence council at Nanking and appointed the three chief Southern leaders as members; he himself went to Canton within a month of the Southern rising. He closed the offices of the South-West Political Council and dismissed the officials and Generals known to be opposed to Nanking—not, however, without offering them new and profitable appointments in places where they could do no further harm.

Although at the time of writing Kwangsi is still holding out against the "pacification" measures of the central Government, it is already clear that a great advance has

been made towards the union of China under the central Government. Progress will undoubtedly be slow, and setbacks are likely to occur, if only because the Japanese will continue to stir up trouble for the Government in the South. But consolidation, however gradual, seems now possible.

North China

Far more difficult for the Nanking Government is the situation in North China. The five principal northern provinces: Shantung, Hopei, Shansi, Chahar, and Suiyuan, had not been brought under firm Government control when the Japanese launched their scheme of adding them to Manchukuo. In the summer of 1935 General Doihara, a leading figure in the "expansionist" school of the Japanese army, made an extensive tour of North China; immediately afterwards it was announced with a loud flourish of trumpets that the five Northern provinces had declared their independence of Nanking and set up an autonomous Government. The Japanese, exploiting a series of local grievances, blandly demanded the withdrawal of Government troops from North China and prepared to enforce the demand.

But the plan misfired. The Chinese revealed for the first time that they had learnt from experience. First, no responsible Chinese could be found to accept appointment in an "autonomous" administration. Secondly, the Nanking Government yielded at once to all Japanese demands. It went beyond them in dissolving the Peking Political Council, which Japan had counted on to provide the framework of the new Northern Government. The Japanese were thus compelled to negotiate with Nanking direct instead of with the local leaders, who were in their grip. The result was that only a poor shadow of the great scheme came into being. Instead of a "second Manchukuo" comprising five of the richest provinces in China, only the eastern corner of Hopei and a part of Chahar "declared" their "independence". The Hopei-Chahar Political Council run by a Japanese "adviser" under appointment from Tokyo, has remained a sham Government whose writ runs only as far as the Japanese military forces are in occupation. That region has

become important only for two reasons: East Hopei has a coast-line adjoining the frontier of Manchukuo, and advantage has been taken of the Japanese control there to make it the gateway for large-scale smuggling of contraband goods into China; while Chahar contains the largest iron ore deposits of China within easy reach of Peking and the sea.

Although direct Japanese control in North China is still limited to two small though important regions, the trebling of the Japanese garrisons has increased the pressure on the remaining northern provinces. It is known in Nanking as well as in the North that the slightest provocation will lead to further Japanese encroachments. Therefore, while Nanking is gradually and unobtrusively tightening its hold on the northern provinces not yet absorbed by Japan, it meets the Japanese with tactful diplomacy rather than open opposition, combining, wherever possible, surrender of form with retention of substance. How long this brilliant feat of diplomacy will succeed against the thinning patience of the Japanese is doubtful. It is equally doubtful whether General Chiang Kai-shek will be able to yield to Japan indefinitely without undermining his position with the Chinese public. Armed resistance may be futile, but patience is not inexhaustible.

Pacific Panorama

To summarize the present position in the Far East: Japan is pressing on with the subjugation of China in several directions—by strategic encirclement, landwards via Inner Mongolia, seawards via Shanghai, Canton and the river ports; and by the extension of indirect control in North China and similar attempts in South China. The conflict between Japan and the Soviet Union has come to a deadlock; the Japanese being chary of provoking a war, and the Soviets unwilling to fight except when their own territory or their pseudo-dependencies of Outer Mongolia or Sinkiang are attacked. China is undergoing a slow but hopeful process of unification, in which the Nanking Government has called a truce both with the formerly semi-independent Government at Canton and with the Chinese Communist forces. The

latter are now concentrated chiefly in the North-West, threatening Japan's flank if she proceeds southwards. Relations between China and the Soviet Union have become friendly and may at any time develop into a close understanding for protection against Japanese aggression.

Great Britain has taken financial and political measures to strengthen her position in central and southern China. For the moment, hopes of reaching a compromise with Japan have receded into the background, and British policy is seeking an understanding with the United States, while both are likely to view a Sino-Russian rapprochement with cautious approval. Great Britain, however, does not regard the present *impasse* with Japan as final. She cannot risk a straight fight with Japan while the bulk of her fleet is moored in Europe by the menace of German and Italian ambitions; efforts to reach agreement with Japan are certain to be renewed.

For this very reason the U.S. co-operation with Britain in China can only be half-hearted. Washington, for long the leading supporter of a common front against Japanese expansion, has now handed the initiative to London. At the same time the United States are abandoning their territorial and naval position in the Far East by granting independence to the Philippines and withdrawing all major naval forces to the Eastern Pacific.

A final element in the present alloy of Far Eastern policies is the beginning of Japanese expansion towards the Southern Pacific. With Formosa and the mandated Pacific islands as a jumping-off ground, the Japanese are endeavouring to penetrate the Dutch East Indies, French Indo-China, Siam and Malay. The direction of these moves, to say no more, leads ultimately to Australia and India.

Japan holds the key to the future. Nothing that the other powers can do will hold up the Japanese advance—provided the driving forces inside Japan continue to gather strength and the resources of Japan prove equal to the strain of Empire-building. The extent to which these two conditions are likely to be fulfilled may now be examined by a final glance at Japan.

CHAPTER XIII

JAPAN IN PERSPECTIVE

Driving Forces

IT IS A familiar argument that over-population is the principal urge behind the expansionist policies pursued by the three chief malcontents of the world—Italy, Germany and Japan. Almost as familiar is the counter-argument: that other countries besides these three, particularly China and India, are suffering from the effects of over-population without giving a thought to external expansion.

The truth is that there are various ways of solving the problem of a population which has outgrown the immediately available national resources. One is to raise the purchasing power of the consuming masses and to employ them in producing goods for the home market. The second is to develop an extensive foreign trade in which exports of manufactures pay for imports of food and raw materials. The third way is really a development of the second. As the expansion of foreign trade is limited by international competition, it appears desirable to secure durable control of both export markets and sources of raw materials. At this point the vision of Empire arises. National passions are aroused. It becomes futile to explain that the cost of Empire-building might well be larger than the economic returns; that the gain in markets and sources of supply will probably be offset by the loss of trade connections with other countries which have been offended in the process of territorial expansion.

This appears to be the stage now reached in Japan. It is no longer relevant to say that the undoubted pressure of over-population on the national resources of Japan might

have been relieved with greater hope of success by economic adjustments than by territorial conquests. Japan cannot turn back. The national wealth which might have served to develop the domestic resources has been spent on building up a vast industry depending on foreign countries for supplies and markets, and on a colossal military machine designed to protect this dependence. The conquest of overseas territory has begun. From now on, the solution for the problem of over-population will be sought principally by territorial expansion.

That the problem is grave cannot be denied.* We have referred to the fact that Japan's population, after remaining practically unchanged for more than two centuries, began to increase rapidly about eighty years ago. It doubled during the first fifty years, and it has doubled again during the last thirty years. The census of 1935 revealed close on 100 million people in an area of 260,000 square miles comprising Japan proper, Taiwan, Chosen, Karfuto, and the Pescadores Islands. Seventy per cent. live in Japan proper, of which only a small part (sixteen per cent.) is suitable for agriculture. In relation to the arable land the density of the Japanese population is greater than that of any other country in the world.

Less than one-half of the population is engaged in agriculture, and it is frequently said that more could not possibly be employed. Existing farms are undoubtedly overcrowded up to the limit of human endurance. But according to official data the cultivable area could be extended by one-fifth, in addition to a possible development of the Northern island, which could make room for several million people. Further, the present average of one and a half crops a year could be increased to two crops if modern farming methods were used. The introduction of mixed farming could create further employment. But all this would cost money, and that would have to be provided by higher taxation of industry and retrenchment in military expenditure. As neither industry nor the fighting forces are prepared to pay for agricultural

* The population figures which follow here are taken mainly from the *Far Eastern Survey* of the Institute of Pacific Relations, June 17, 1936.

improvement, nothing is done. The number of persons engaged on the land has hardly increased since 1920.

The increase of the population has made itself felt chiefly (by eighty-five per cent.) in towns and cities. In 1920 seventeen per cent. of Japan's total population lived in towns; in 1930 it was twenty-four per cent.; in 1935 it was thirty-three per cent. One third of the people, in other words, live in towns, and the influx from the countryside shows no signs of abating. At the same time, the great expansion of industry has not led to a corresponding increase in the number of people employed. Owing to the mechanization of factories and the increasing efficiency of labour, a growing output can be produced by fewer and fewer hands. Only one-fifth of the population is actually employed in manufacture.

Emigration has never played a serious part in relieving Japan's over-population. In 1933 less than one million Japanese were living outside Japan proper, counting both dependencies and foreign countries. During the five years from 1926 to 1930 Japan's net emigration to foreign countries was less than 28,000—while her population during that period increased by 4,700,000 souls. Although Japanese politicians and writers like to present the closing of overseas opportunities for emigration as a principal reason for Japan's need to expand on the continent of Asia, statistics show that the argument is quite unfounded in fact. For many years the Japanese have had ample opportunities for settling in Korea and Manchuria; yet very few have done so. Hard-working and frugal as the Japanese peasant is, his standard of living is still higher than that of the Korean or Chinese, and he is not prepared to be depressed to their level. It may safely be assumed that even with Japanese political control over the whole of East Asia emigration from Japan would not materially increase. The problem, then, is to find employment for the Japanese within Japan.

The suddenness of the growth of population has naturally led to perplexity and tension. Japan has had no time to adjust her ideas to the new situation. The haphazard appearance of Japanese policy in recent years may have been largely due to the feverish search for a remedy. It is hardly a

coincidence that the invasion of Manchuria in defiance of world opinion followed soon after the aggravation of the domestic problem by the international trade slump. For the past ten years there has been an annual increase of population by approximately one million, and it is almost certain that the increase will continue at the same rate for at least another fifteen years. That is a prospect which would ruffle the equanimity of any nation. Since 1920, half a million youths and girls have newly entered the employment market every year. At this rate the pressure of the population on the available opportunities of employment is bound to grow more quickly than these opportunities can be expanded by normal means. No wonder that Japan is listening to counsels of desperation.

A curious feature of the Japanese population problem, and one which is often left out of account, is the abnormally high proportion of young people. This affects the position in two ways: on the one hand it makes certain the continuance of the rapid increase; on the other it reduces the total labour costs of production. The steady decline of the average level of wages in Japanese industry, which has been so effective in increasing the export trade, is due not least to the abnormally large supply of young labour.

Industrialization has long been accepted as the natural course for Japan. For a long time industrial production was concentrated on a few staple commodities, particularly on textiles. In recent years, however, Japan has become a producer of almost every kind of industrial product, from pencils to turbines, and from cotton yarn to television apparatus. There is hardly a single manufactured article that Japan still has to import from abroad. Even semi-manufactured products are increasingly made in Japan. The progress made with pig-iron and steel may serve as an illustration. In 1920 Japan imported 390,000 tons of pig-iron and 1,000,000 tons of steel, while the home production amounted to 520,000 tons of pig-iron and 530,000 tons of steel. Fourteen years later, Japan imported 400,000 tons of pig-iron (from Manchuria) and 350,000 tons of steel, while home production had risen to 2,200,000 tons of pig-iron and 3,230,000 tons of

steel. In 1935 steel imports had almost ceased, and pig-iron imports were small.

But this tale of growing self-sufficiency is incomplete, for Japan has very little iron ore. Substantial quantities of ore are produced in Manchukuo, but it is of poor quality. The bulk of the ore needed by Japan's iron and steel industry must be imported from Central China and Malaya; scrap-iron, which is extensively used to augment the ore supply, is also imported from abroad.

The iron and steel position is typical of the problem of Japanese industry: the entire dependence on countries outside the political control of Japan. This is true of raw material supplies as well as of export markets. When, as in Japan, the life of a huge and growing population depends on the continued expansion of industrial activity, it is obvious that the idea of gaining political control over the principal raw materials and export markets must commend itself to the country's rulers.

In yielding to this temptation, Japan has inevitably come up against the resistance of other powers. The conquest of Manchuria has increased the danger of war with Soviet Russia. The "southward advance" may at any time provoke the Western Powers into calling a halt to Japanese expansion; and if Japan refuses to yield they are in a position to impose an economic blockade upon her. In fact, Japan has manoeuvred herself into a position in which she has to think in terms of possible war. The dependence upon supplies and markets outside her control, which in times of peace may not be more than a nuisance, becomes a deadly danger in the event of a war or blockade. Hence the efforts to secure both supplies and markets in China under the protection of Japanese military and political control.

The Spirit of Japan

It would be quite wrong to suppose that the Japanese are naturally aggressive. The average Japanese would be genuinely shocked if it were put to him that his country is out to dominate Eastern Asia by military force. Many educated

Japanese, including probably the most outstanding statesmen, industrialists, financiers and intellectuals, strongly disapproved of the actions of the soldiers in Manchuria and North China. Even the heads of the fighting services are out of sympathy with the turbulent methods employed by the extreme nationalist wing of the officers' corps, which was responsible for the occupation of Manchuria and the succeeding advances.

The peaceful disposition of the Japanese, however, is entirely compatible with support of an expansionist policy. They are, on the whole, sincerely convinced that they are merely bringing peace and order to a China torn by incessant conflicts. By faith and tradition the Japanese are wont to regard themselves as entrusted with a mission which singles them out from all other nations. A story often told in jest to Japanese children may illustrate the point. When God created the first Man He left the clay too long in the oven. Man was burnt black: a Negro. The Lord was dissatisfied and tried again. This time Man was not baked long enough: he emerged white. Again the Lord frowned, and tried a third time. Success at last: baked neither too short nor too long, Man turned out a beautiful yellow-brown. So the Yellow Man was sent forth to rule the earth.

The missionary spirit is common to all Japanese political thought. Adoration of the Emperor, the direct descendant of the Sun-God, merges with the worship of the State in an unshakeable belief in the unique destiny of Japan. The Shinto faith—a comprehensive official religion which includes State and Emperor-worship—was recently defined by the Home Ministry as “a national affair above religion”.* Under the broad wings of Shinto various movements of missionary nationalism have grown up. Two of these, closely connected with each other, have come into prominence of late. One is the Black Dragon, a secret society popularly supposed to have many millions of supporters among all classes of the population. The Black Dragon is always mentioned when Japanese politicians are assassinated by “patriotic” youngsters, and though nothing definite is known

* H. V. Redman: *Japan in Crisis*, 1935.

about its aims it appears to be one of the driving forces behind the military "activists" who are the pacemakers of the aggressive continental policy.

We have more definite knowledge of a second creed of this kind, the "Showa Restoration Movement", which is rampant among the younger army officers. Colonel Aizawa, who murdered General Nagata at the War Office in August 1935, explained at his court-martial that he was inspired by the Showa ideal. "The Emperor," he stated, "is the incarnation of the God who reigns over the whole universe. The world is deadlocked because of capitalism, communism, anarchism and atheism. The personal rule of the Emperor is firmly established in Japan and must continue. Democracy is all wrong. The return of political and financial power to the Emperor would be the Showa restoration."*

The Emperor is already the undisputed autocrat by the grace of God; but he is considered too sacred to direct earthly affairs except through his appointed servants. A "restoration" could only mean the substitution of one set of servants for another. That is exactly what it does mean. The fighting services should be given absolute power on behalf of the Emperor; the politicians, who hob-nob with "capitalists" and trust in diplomacy, should be removed. ("Democracy is all wrong.")

The leading spirits of this movement are General Araki, who was Minister of War at the time of the "Manchurian incident", and General Mazaki, the Director of Military Education between 1925 and 1935, when he was abruptly dismissed. In 1926 their teaching, which has deeply influenced a number of the younger army officers, was a combination of mystic imperialism and state socialism. General Mazaki, said the Tokyo correspondent of *The Times* (July 14, 1936), "taught the uniqueness of the Japanese nation: a people descended from the gods and ruled over by a dynasty which had endured since the beginning of the world and would continue for ever. He taught that Japan had a divine mission to extend peace and civilization; and he taught above all that the essential feature of the Japanese State was

* *The Times*, April 27, 1936.

direct rule by a divinely descended Emperor. These doctrines are to be found in the Japanese constitution and in the utterances of the great statesmen who founded modern Japan. But these statesmen were realists; they interpreted their inherited traditions with reverence but in the light of facts. Mazaki and his twin spirit Araki are fundamentalists."

One cannot teach fundamentalist doctrines to army officers without risking that they will try to carry them out. The Tokyo mutiny of February 1936 was a warning to the nation that revolution was at hand. As a result of this sanguinary affair the extreme faction of the Mazaki movement was crushed, the Emperor himself abandoning his divine seclusion to announce his displeasure. After the Tokyo revolt Colonel Aizawa, whose trial had been dragging on laboriously for many months, was swiftly sentenced to death and executed. The same fate befell seventeen army officers involved in the revolt itself—a striking contrast to the treatment of earlier "patriotic" rebels, who murdered Cabinet ministers and were let off lightly with two or three years' hard labour.

But the main trend remains. Not only is the army more firmly than ever in control of national policy, but the missionary spirit has pervaded large sections of the population, particularly the peasantry. Party government is doomed; democracy is crumbling; some form of State Socialism or Fascism seems inevitable. Japan is wide awake, convinced that the hour of destiny is at hand.

Can Japan Stand the Pace?

The policy of continental expansion was launched by the Japanese army leaders in 1931 because they knew they would encounter no resistance. China was disrupted by civil war. Soviet Russia was absorbed in the process of internal consolidation. England and America were in the throes of acute economic depression. The League of Nations was disabled by the fundamental antagonisms of Europe.

To-day the situation is quite different. China is well on the way to national unification. Soviet Russia has become a

formidable military power and is determined to fight for every inch of her territory. England and America have been thoroughly roused by the imminent threat to their interests in central and southern China. Both are rapidly increasing their naval armaments. They have dropped their old quarrels and might, if further provoked, collaborate against Japan. The task of the Japanese imperialists has become immeasurably more difficult.

The diplomatic isolation cheerfully accepted during the past few years is now felt as a heavy burden. The cost of Empire-building is straining Japan's economic resources to the utmost. In the face of these changes it may well be asked whether Japan will not slacken her pace. Or, if she goes on unconcerned, is she not heading for a fall?

Whatever happens, the frontier of Manchukuo with the Soviet Union has become Japan's strategic frontier. Here the Japanese forces face a Soviet army equal to the total standing army of Japan. The entire frontier has been strengthened on the Soviet side by several lines of concrete blockhouses. The Red army in the Far East is highly mechanized and equipped with plenty of tanks and aeroplanes. Its supplies of food and raw materials need no longer be transported across thousands of miles from Western Russia. The natural resources of the Baikal region and Eastern Siberia have been opened up; vast new industries have been developed and agriculture intensified under military control. For all normal purposes the Far Eastern Red army is now a self-sufficient unit, and the transport of additional supplies from European Russia is greatly facilitated by the double-tracking of the Trans-Siberian Railway. At Vladivostok a fleet of air bombers capable of reaching Tokyo and returning is kept in readiness.

The Japanese army in Manchukuo, on the other hand, is weakened by various inevitable difficulties. Although roads and railways pointing towards the Soviet frontier have been constructed with great speed, there remains the difficulty of transporting reserve troops and vital supplies from Japan—for there is not a single suitable harbour on the Japanese West coast, which faces Manchukuo. A Japanese air attack

on the Soviet industrial centres is far more difficult than a corresponding attack would be for the Soviet air force. Japan is dependent for many essential supplies—such as oil, iron ore, raw cotton, non-ferrous metals, etc.—either on China or on foreign countries. There is a distinct danger that the Chinese might take advantage of a Soviet-Japanese war to organize a national rising which, if it could not seriously endanger Japan's armies, could at least play havoc with their supplies. Far in the background, too, looms the danger of an economic blockade by the Western Powers.

The Japanese have taken account of their weakened position by forbearing to provoke the Soviets further. It may be taken for granted that any further territorial expansion will not be at the expense of Russia. But the latent menace of the Red army remains. The foreign policy of the Soviet Union is genuinely defensive—at present. But who can say what it will be ten years ahead? By that time the superiority of the Soviet over the Japanese forces will have increased, for Russia's resources are incomparably greater than those of Japan. All attempts to reach even a temporary *detente* have failed so far. Moscow has offered a non-aggression pact, but Tokyo stubbornly insists on a de-militarized zone along both sides of the Manchurian frontier. As such a zone would include, on the Soviet side, most of the fortifications constructed in recent years, in addition to several large cities, many aerodromes, arsenals and supply depots, and the chief Soviet railway—while on the Japanese side nothing but a desolate and unfortified wilderness would be given up in exchange—the proposal has never been taken seriously. The Soviet menace, though gratuitously incurred, will be an ever-increasing drag on Japan's continental policy.

As for the dependence on foreign supplies of raw materials, a great deal has been done in recent years to make Japan less vulnerable. The British and American oil companies are being forced to store a six months' supply in Japan at their own expense. Iron ore, now mainly imported from central China and Malaya, is being developed in Manchukuo and Chahar, i.e. under the protection of the Japanese Army. In many other commodities, such as aluminium and most

chemicals, as well as in machinery, engines, etc., Japan has already become self-sufficient. The development scheme for North China includes the growing of cotton on a vast scale, and striking progress has already been achieved in this field. Still, it will be a long time before Japan becomes really independent of foreign supplies, and two dangers will probably remain: first, a Chinese rising in the areas which are to form the basis of raw material supplies; secondly, the shutting-out of Japanese export goods from foreign markets controlled by other powers.

In the last resort, the progress of Japan's continental expansion will depend on her ability to bear the strain on her internal resources. Her weakness as an Empire-builder may be illustrated by a historical comparison. When England expanded overseas, when she carried on endless wars in all parts of the globe, including a hundred years' war in India, she had great advantages which Japan lacks. First, her overseas engagements were widely dispersed, and defeat in any one quarter did not endanger the whole structure. Secondly, she was then the world's workshop and had almost unlimited markets for the products of her expanding industries. Thirdly, she was then in a real sense protected by the sea against any attack on her own shores. Japan, on the other hand, is putting all her eggs in one basket. If she fails in China, she is ruined. Her domestic market is weakened by the long-standing depression in agriculture; her industries are artificially supported by a precarious structure of state credit; her exports are meeting with fierce competition. The development of air power has deprived Japan of the security formerly provided by an island position.

Even at this early stage of imperialist expansion Japan's capital reserves are strained to breaking-point, and she has no hope of economic succour from anywhere except the very territories which she is subduing. So far Japan has been lucky. But will the luck hold?

The impoverishment of the Japanese people, the recurring famines, and the overcrowding of town and country with struggling humanity are evidence that capital resources urgently needed for the development of productive power at

home are being diverted into unproductive channels essential to Empire-building. The fighting services already absorb nearly the entire ordinary revenue of the State, and their demands are still rising. The national debt has increased in five years from £420 millions to £600 millions. Close on £100 millions have been spent on Manchukuo since 1931, partly for military purposes and partly in the form of private investments. The domestic capital market is thus besieged by three claimants: the Government, wishing to raise ever-increasing loans in order to finance its Budget deficit; home industries, expanding under the growth of armament orders and export trade; Manchukuo, in process of rapid development for strategic purposes. With the army in full control of national policy, the civilian ministers can only hope and pray that they will be able to raise internal loans indefinitely and to find means of keeping money rates low. When this becomes difficult, the desired conditions will probably be enforced by growing state control over industry, trade and finance. Even so the ability of the capital market to absorb government bonds will continue to decline.

To recognize the weakness is not to predict a collapse. Economic experts, relying on such facts as these, predicted that Germany would find it impossible to finance large-scale rearmament; and that Italy could never afford a war because it would be too expensive. Five years ago it was proved up to the hilt that Japan could not go on spending half her revenue on armaments; to-day she spends all her revenue on armaments and is still going strong. It will certainly be necessary in time to resort to inflationary methods; but why not? The waste is prodigious, but it makes the wheels of industry go round and gives employment. Admittedly, it means mortgaging the future. But as no one may order a foreclosure the process seems to be capable of frequent repetition.

There is, however, a price to pay. Dictators and Generals can create money, but they cannot create tangible wealth. If part of the available national wealth is abstracted for unproductive purposes, the nation is so much the poorer. The Japanese peasantry, comprising half the population, lives on

the verge of starvation. While certain industries thrive, the rest, with agriculture, languish. Official figures of Japanese wages are low enough, but they tell only a part of the story: they take no account of the small family concern which is so prominent in Japanese industry, nor of farm income. The recent admission of the Minister of War that the physique of new army recruits is deteriorating shows that a limit has been reached beyond which a further reduction in the standard of living may sap the vitality of the masses.

So much for the debit side. It is clear that Japan is running great risks of breakdown. Her position is vulnerable, her resources are slender; her social and economic structure is creaking under the stress of the Imperial burden.

But there is a great deal to be said on the credit side. If it is a mistake to overrate Japan's strength, it is an even greater mistake to underrate her tenacity. After a decade of partisan conflicts which unsteadied the national policy and undermined the discipline of the army, Japan seems to be well on the way to internal consolidation. The army has won; democracy has lost. There is now a unity of national purpose which was lacking as long as the struggle remained undecided.

The army, on the other hand, has cleared its higher ranks of the firebrands who dragged the country into dangerous adventures and stirred up domestic strife. The Imperialist policy is now in the hands of men who appreciate realities. Japan, launched upon a career of Empire, has recovered her poise. Although she will not abandon her Imperial scheme, she will probably choose less precipitate methods. If her rulers know how to wait, she has at least a better chance of averting disaster than she would have if she continued to force the pace.

The social framework of Japan, in its strange mixture of the medieval and the modern, is exceedingly elastic. While other countries, for similar purposes, have to resort to dictatorship, Fascism, and the suppression of civil liberties, the Japanese are "Fascists" by heredity. They have never known or valued individual freedom, and the doctrine that the citizen should sacrifice his all to the State is inherent in

Japanese Emperor-worship. The outer garment of democracy and parliamentarism, which has lain lightly on their shoulders for a mere thirty years, has been shed to reveal a nation wrapped in feudal traditions. The readiness of the average Japanese to undergo hardships for the benefit of the nation's glory may not be inexhaustible, but it is almost so.

It should be mentioned also that Japan's foreign trade is undergoing a significant change. For many years Japan exported only goods suitable for immediate consumption. The marketing of such goods does not lead either to stable trade connections or to investment of capital. Of late Japan has taken up the export of capital goods—such as machinery. As this new type of trade develops, Japanese connections abroad will inevitably become more durable, and will be supported by investments. Strong vested interests are thus created in various overseas markets, particularly in the undeveloped countries of East Asia. In this process Japan will obtain yet another lever for the extension of political domination.

The greatest asset of all, however, is the patent unwillingness of the other Powers to fight. Japan's successful conquest of Manchuria was due mainly to the acquiescence of Soviet Russia. If she plays her cards well, the Western Powers may also be induced to give way, at least for a considerable time to come. The margin of safety, both internal and external, is narrow, and it would be rash to attempt a prophecy. But taking it by and large Japan has an even chance of establishing her Empire in the East of Asia.*

*Since this chapter was written, Japan has passed through a brief period of democratic revival, inevitably followed by reaction. The conservative elements of the Army and Navy are now once more in control of national policy, as they were before the Manchurian adventure of 1931. They have, for the moment, suppressed not only the liberal civilian forces, but the extremists of the army itself, though it is too early to judge whether their victory is final. Japanese foreign policy has accordingly become less violent in its methods, but its ultimate aims have not changed. The prosecution of these aims seems limited only by the growing strength of the Soviet Union and the reviving co-operation between Britain and the United States in the Far East.

CHAPTER XIV

AMERICA IN DRY DOCK

Retreat

THE TENDENCY of the United States to withdraw from "foreign entanglements" and consolidate her position on the American continent is one of the major changes in recent international relationships. The new policy, which has gradually gathered force since the World War, affects the outlook in every one of the centres of rivalry.

The United States took little part in the nineteenth-century scramble for colonial and sub-colonial territories. Apart from the war with Spain in 1898, which resulted in the annexation of the Philippines and Hawaii in the Pacific and in the extension of U.S. influence in Central America, the expansion of American foreign trade took the form of a share in overseas markets unsupported by any territorial aggrandisement.

Yet the United States was not less interested in expanding foreign trade than were other industrial countries. Ever since the Civil War the resources of the American continent had been developed with tremendous energy; large-scale immigration increased the population; and by the turn of the century the United States had built up an industry capable of mass production and dependent for its prosperity on export markets. Being neither inclined nor powerful enough for colonial ventures, the U.S. demanded of the other countries equal opportunities for her trade. This led to the principle of the "Open Door" on which America insisted in the markets of the Far East: and to the corresponding principle of the "Freedom of the Seas". It was for long an accepted axiom of international relations that there were

three reasons for which the U.S. was prepared to go to war: first, to repulse an attack on the American continent; secondly, to uphold the principle of the "Open Door" in the Far East; and thirdly, to defend her right to trade with any nation she chose, even if that nation should be engaged in war with another. The United States actually entered the World War when the Germans, disregarding the third of these principles, sank the *Lusitania*.

After the World War the foreign policy of the U.S. was gradually modified. At the Peace Conference, President Wilson would have involved his country in far greater responsibilities than it had carried before: membership of the League of Nations entailed readiness to take part in sanctions against any aggressor state. Had the U.S. joined the League according to President Wilson's intention she would have renounced her claim to the Freedom of the Seas, and would have promised instead to refrain from trading with, and even to take part in a blockade against, a belligerent nation. In fact the U.S. would have been obliged to employ her power and resources for the maintenance of peace in every corner of the globe. Not only was this proposal turned down by the American people, but U.S. policy began to withdraw even from such external responsibilities as had existed before the War.

For a time the momentum of the old policy induced the U.S. to continue her participation in international efforts to stabilize the peace. Her services were made available for the clearing-up of the German reparations tangle; her observers took a prominent part in the discussions on international disarmament. At the Washington Conference she took the lead in promoting a limitation of navies and signed the Nine-Power Pact for the stabilization of existing conditions in the Far East. In the Pact of Paris (Kellogg Pact) the U.S. once more took the initiative in strengthening international peace. But this pact, by which the signatory powers undertook not to go to war in pursuit of national policies, already lacked any promise by the peaceful powers to enforce its observation.

The next stage, in which the U.S. is seen in full retreat

from international entanglements, is marked by the so-called Stimson doctrine. Announced by the then Secretary of State during the Japanese invasion of Manchuria (on January 11th, 1932) it proclaimed that the contracting parties "shall recognize no territorial arrangement not obtained by pacific means, nor the validity of an occupation or acquisition of territory brought about by armed force". Here was another important modification of the twin principles of the Open Door and the Freedom of the Seas. Although it was clear even at the time when Mr. Stimson made his celebrated announcement that Japan meant to close the door to any but her own trade in Manchuria, the U.S. no longer proposed to prevent its closing by force, but was content to refrain from "recognizing" it. Nor was there any question of assisting China with supplies, as the pre-War principle would have demanded.

The trend of isolation became more pronounced during the economic depression. The United States had lost colossal investments in Europe; the War Allies had defaulted on their debts; the reconstruction of the domestic economy after the ravages of the slump absorbed all the national energies. The increasing tension in Europe and the Far East made Americans more anxious than ever not to be drawn into a new conflagration. A further step in the diplomatic retreat was taken at the outbreak of the Italo-Abyssinian war. At first the unexpected rejuvenation of the League of Nations impressed American opinion, and for a time it seemed probable that the U.S. would co-operate with the League in restraining the aggressor. President Roosevelt was in fact prepared to suspend trade and other relations with Italy only, continuing to trade with Abyssinia. But Congress foiled his intentions. It was decided to suspend supplies of certain specified war materials to both belligerents, and to restrict trade in other commodities. The Government went so far as to announce that all trade with the warring nations would have to be done at the trader's risk and without any assurance of Government protection. Under the new neutrality doctrine the U.S. intends to withhold war supplies from any belligerent

nation, however just its cause, and however friendly its relations with America. "If we are faced with a choice of profits or peace," said President Roosevelt, "we choose peace."

In effect, this is a complete reversal of the old "Freedom of the Seas" principle.

The failure of the League's effort to stop the Abyssinian war by the use of sanctions strengthened the American desire to be rid of foreign responsibilities. It was at this stage that the recall of the U.S. navy from the Philippines was decided. The course is now set for isolation—but new fields are being opened up for American energies.

The United States has in recent years paid more and more attention to her relations with the other countries of the New World. This trend seems likely to gather force. The republics of Latin America have long provided valuable outlets for U.S. trade and capital, though they have stubbornly resisted the encroachments of what is known as "dollar imperialism". Great Britain, Germany, Japan and other countries hold strong positions in South America, and the Latin Republics are wont to use these connections as a counterweight for U.S. penetration. At the same time, they are now turning more readily to Washington for political collaboration. In the coming years the Pan-American Union will probably be inspired with new life. Efforts are afoot to co-ordinate the policies of all American countries with regard to the defence of the twin continents against encroachments by any European or Asiatic Power. It is probably too much to say that a Pan-American League of Nations is already in the making, though a movement in this direction is perceptible in most of the countries concerned. The disappointment of Geneva has caused a change of heart, particularly in the Latin American Republics, which had formerly been among the staunchest adherents of the League.

Canada, in spite of her intimate relations with the United States, is prevented by her membership of the British Commonwealth from joining the Pan-American alignment. But the visit of President Roosevelt to Ottawa in 1936 has em-

phasized a community of outlook which may well lead to Canadian co-operation in the new grouping. However loyal to the British connection, Canada is intimately bound to the United States by ties of mutual trade, common ways of thought, and the needs of defence. There is no immediate reason to expect that Canada's two attachments will come into conflict, and her participation as an interested outsider in the Pan-American effort would not necessarily affect her position in the British Empire.

The preceding sketch has been drawn in the barest outline in order to stress the changes; but the drawing is really too simple. Although the trend of isolation is now uppermost in American policy, the United States cannot so easily cut the ties which link her with the outside world. There is, to begin with, her foreign trade. Some ten per cent. of U.S. movable output is normally exported. The country is equipped for a production of both agricultural and industrial materials larger than the absorptive capacity of its own population. One tenth of the national output sounds a modest proportion for which it seems hardly worth while to take serious risks. But there are several industries, and indeed entire states of the U.S., which stand and fall with their ability to sell their output abroad. The obvious examples are the cotton planters of Texas and the neighbouring states, the tobacco growers of Virginia, the wheat producers in the Western states, and the oil industry. All these and others in similar positions demand to be considered in the shaping of U.S. foreign policy.

The Far Eastern markets, for instance, have absorbed an increasing proportion of U.S. exports even during the recent depression. Can Washington neglect to protect and promote this trade on which the life of so many Americans depends?

Again, vast amounts of American capital have been invested all over the world. Trade has followed the capital, and American firms have settled in many of the centres of investment. Can they be left to their fate?

The United States depends for the smooth running of

her industries on supplies from abroad of certain raw materials. Most important among these are rubber, tin, raw silk, various furs, hides and skins, copra and coconut oil, carpet wool, tea, Manila hemp and sisal. Rubber and tin are imported mainly from Dutch East India and British Malaya; raw silk from Japan; Manila hemp from the Philippines. The importance of these supplies to the United States cannot be measured by the quantity or value of annual imports; it lies in the fact that most of them are absolutely essential to American industry. Is it conceivable that a Government can neglect to make provision for the security of such supplies?

Nor can the U.S. altogether escape the responsibilities of a country to which a number of the foremost nations owe money. If political entanglements can be cut, economic interdependence is inescapable except at the price paid by Soviet Russia. U.S. monetary policy directly affects economic conditions all over the world. The trend of U.S. commodity prices determines to a large extent the price levels of other countries. U.S. tariff policy, and the resultant flow of gold from Europe to America, have done much to strangle international trade and sharpen economic distress in the countries which have lost the metal. All these developments have had their repercussions on the U.S. economy.

As for the future, it is clear that America has an opportunity of saving the world from disaster by setting the hoarded gold treasure once more into circulation in the form of loans to other countries. If she refuses, will not the creeping paralysis of world trade ultimately engulf America as well?

The United States thus retains extremely important foreign interests which she will certainly not abandon without a struggle. The desire for isolation is in fact only one aspect of her policy, though at present the most prominent one. While she is withdrawing from the exposed position maintained before the World War, a great deal of her foreign policy is concerned, now as ever, with the promotion of U.S. interests in the international field. The possibility that one or another of her external interests may provoke

her into renewed activity is always present. The voice of America counts for much in the counsels of the nations, and there is little reason to suppose that it will fall silent altogether. Whether it is by co-operation with Great Britain in the Far East, or by participation in European efforts to reorganize the structure of peace, or by sharing in the reconstruction of international trade and currencies, Washington must play its part.

Shining Armour

An outstanding factor in the international position of the United States is the size of her naval and military forces. Simultaneously with the retreat from external obligations, the navy, army and air force of the U.S. have been continuously strengthened and enlarged. The size and equipment of the three arms, but particularly of the navy, are far in excess of requirements for the mere defence of the U.S. coasts and frontiers; and there is no indication that the increase is to be checked.

The naval manœuvres of 1935/36 have been on an unprecedented scale. They were intended to test the ability of the Atlantic and Pacific fleets to join at short notice in either of the two oceans. The bulk of the Pacific fleet managed to pass through the Panama Canal within thirty-six hours, and united with the Atlantic fleet in extensive manœuvres; both then passed the Canal westward to engage in another series of manœuvres in the Pacific. As a simultaneous attack on the U.S. from both East and West is hardly conceivable, the full force of the combined fleet would seem to be quickly available at any given point of danger. The arrangements for the Canal passage are to be improved so that either of the fleets can pass it in less than twenty-four hours.

At the same time the security of the Canal has been enormously strengthened. It is now unassailable from either ocean, and experts discount all possibility of effective sabotage, as the structural works of the Canal are too heavy to be destroyed except by dynamiting on a large scale. As

for the Pacific outposts, Hawaii, which in practice commands the whole of the American West coast, is in process of being developed as an impregnable naval base. The defensive position in the Pacific is being strengthened by the "shortening of the front"—the withdrawal of the fleet from the Philippines.

The only real menace to America can come from Japan. U.S.-Japanese relations have never been particularly friendly; at times they have been exceedingly bad. Disregarding the origins of the antagonism, one may reduce it to two immediate causes. One is the Japanese threat to American trade and investments in China; the other is the Japanese threat to the U.S. communications with China and the Philippines as well as to those with Dutch East India and Malaya, whence the U.S. obtains essential raw materials. There was a time when a third cause was much discussed: the menace of a Japanese attack on the American mainland. That may be ruled out altogether in the present conditions of offensive and defensive armament.

During the past three years the danger of a clash between the U.S. and Japan has been perceptibly reduced. The reasons for the improvements are easily defined. (1) Although the trade rivalry in China is, if anything, increasing, the U.S. is no longer intent on enforcing the "Open Door" principle. (2) The withdrawal of the Philippine squadron will create a broad stretch of "No-man's Sea" between the two battle-fleets. The United States might have secured both her hold over the Philippines and the freedom of her shipping route by creating a strong naval base on the island of Guam, where a large battle-fleet could have been stationed in safety. She did not do so. There is at present no more westerly U.S. stronghold than Hawaii. (3) While U.S. trade with China has increased very little since the beginning of the century, trade with Japan has more than doubled. Of America's total trade with the Far East, Japan takes more than one-half of U.S. exports and supplies more than one-half of U.S. imports. China, in comparison, takes only one-fifth of U.S. exports and provides one-eighth of U.S. imports. If, therefore, American trade interests are to be safeguarded,

they are obviously far better served by peace with Japan than by war with Japan. As for the protection of essential supplies of Far Eastern raw materials, it has already been mentioned that these supplies come chiefly across the Southern Pacific, where the Japanese menace is still slight.

For all these reasons the likelihood of the U.S. being involved in a war in the Far East has, not perhaps disappeared, but greatly lessened.

There can be no doubt that within a few years the U.S. will have the strongest navy in the world, supported by a formidable army and air force. What is to be the purpose of this mighty weapon? It is unnecessarily large for mere continental defence. Yet the U.S. no longer recognizes the obligation of enforcing the Freedom of the Seas. The new neutrality law provides for suspension of trade with all belligerents without distinction. Even if this doctrine is to be taken as a tendency rather than an unalterable principle, it is clear that it lessens the probability that the U.S. navy may have to protect shipping to and from other countries at war. Why then the pouring-out of national wealth for the building of the biggest navy afloat?

We leave the question unanswered, for the simple reason that the Americans themselves are still looking for an answer. But one observation may be made with confidence. If at any future time the United States, for whatever reason, should decide to reverse the recent trend of isolation and to take once again an active part in the organization of the world, she will be able to do so at a moment's notice.

The importance of "readiness" becomes clear by recalling an event which is still fresh in all our minds: when in 1935 Britain, waking from deep slumber, tried to stop an international outrage which was infuriating the British people and endangering the British Empire, her word was disregarded because the British navy was considered unequal to the task of enforcing it. Transformations of national sentiment strong enough to reverse national policy have occurred before now with startling suddenness. If any such change should ever befall the United States she will not be handicapped as Britain was by the lack of means for the

immediate enforcement of her wishes. Whatever this fact may imply for the future, it cannot fail to exert profound influence on the course of international events.

Domestic Forces

America can hardly be expected to find her way until the process of internal adjustment now proceeding has produced a new national balance. It is outside the scope of this study to describe the present struggle in the social, economic and political field. We can only indicate a few of the larger problems seeking solution.

Perhaps the most significant change is that from extreme individualism to some form of state interference in economic life. In spite of the desperate resistance of the forces of individualism, the State, through the agency of the Federal Government, has undoubtedly become a stronger force in the lives of individual Americans than it ever was. This process, once started, must take its course as irresistibly as the constitutional progress of the U.S. from extreme federalism to a unified nation-state. Parallel with these two developments, though perhaps more protracted, runs the process of welding the diverse races and standards of America's population into a malleable whole. The War has done much to foster national cohesion, and the stoppage of immigration has enhanced its prospects.

For the first time the "small man" has been given a vested interest in the Government of the United States. The reduction of farm debts, the Government's solicitude for the workman's earnings, and the introduction of Unemployment and Old Age Insurance, have increased the weight of the masses in the national make-up. The social balance is being changed on a colossal scale.

At the same time, the economic balance as between industry and agriculture is changing. The immense progress of industrialization during and since the World War has raised the productive capacity far beyond the needs of the home market. At first the excess output was largely taken up by an expanding and prosperous farming class; but the

farmers were impoverished by the slump. In recent years this discrepancy between industrial capacity and agricultural purchasing power has been sharpened by the soil erosion which laid waste a substantial part of the central corn belt, and by the reduction of ploughed areas under the Government's restriction schemes. There is now less prospect than ever that the United States may become a self-sufficient country in which industry and agriculture will complement each other.

While the decline of farming may lessen the American need to export agrarian produce, the excessive output capacity of industry will compel her to find new outlets abroad. As the existing markets for American exports absorb mainly foodstuffs and raw and semi-finished materials, any large-scale export of industrial manufactures would necessitate the opening of new markets, thus leading inevitably to sharper competition with other industrial nations. Economic forces, therefore, may well drive the United States once more into international activity.*

*Signs are already appearing of a cautious modification of foreign policy. Although the desire of the American people to keep out of foreign commitments which might drag them into war is as ardent as ever, there is a growing doubt whether isolation can best be secured by an isolationist policy. There has been outspoken criticism of the aggressive policies of the European dictators; there has even been a tendency to identify the ideals of the United States with those of the European democracies. An important result of this new train of thought was the introduction of a new Neutrality Bill prohibiting all trade in war and semi-war materials with foreign countries involved in war—with the vital exception that the President may permit such countries to buy in America provided they "pay cash and carry away in their own ships."

This principle, while limiting the risk of America being drawn into a foreign war in defence of her commercial interests, gives Great Britain an immense advantage over other European powers, because only the British Navy is capable of protecting shipping in the North Atlantic. It is too early to predict how far the new trend in the foreign policy of the United States will develop; but her reviving interest in the preservation of international peace and the restoration of international trade is bound to have its effect in every part of the world.

CHAPTER XV

RED EMPIRE

Consolidation

THE SOVIET UNION links East and West. Whenever Russia weakens as against Japan, Germany feels a lively temptation to wade in from the West. Whenever Germany looks particularly strong, Japan raises her voice and her hopes. The phrase "peace is indivisible" was coined by a Soviet statesman; and for Russia indeed the peace of Europe and of Asia are inseparable.

In discussing the balance of forces in Europe and the Far East we have already drawn attention to some aspects of Soviet policy, in so far as it influences the behaviour of Germany and Japan. In more than one connection it has been found that the balance between peace and war is held by the Soviet Union. Her foreign policy, and the domestic forces which govern it, have assumed supreme importance.

Soviet policy, as it is to-day, has developed by three major stages.¹ The first, from 1917 to 1922, was marked by foreign interventions, civil war, and extreme revolutionary temper. The Bolsheviks were then fighting on many fronts. Struggling to gain effective control of the huge country, they had little time or power to repair the ravages of war. It seemed to them that Communism could not succeed in Russia unless it was supported by similar systems in other countries. Hence desperate efforts to stir up revolution abroad, culminating in the war against Poland.

¹ The second stage covered the decade from 1923 to 1933. At the beginning of this period the Soviet Government had established a precarious peace throughout the country. It had burned its fingers badly in the attempt to spread Com-

munism abroad. Although the desire for world revolution was by no means abandoned, the Bolsheviks made up their minds that they would have to consolidate Communism in Russia without waiting for outside help. Five years were spent in inconclusive efforts to reconstruct the country and enforce Soviet authority throughout the area between the Baltic and the Pacific, between the Arctic and the Indian frontier.

3. In 1928 began the first Five-Year Plan. The Soviet rulers had realized that the only way to make Russia independent of outside interference was to build up an industry large enough to supply the needs of the vast population. Before that time Russia had always been a mainly agricultural country, dependent for its industrial needs on foreign supplies which were paid for by the export of agrarian produce. Now Russia was to balance agriculture with industry. The groundwork of industry was to be laid by the first Five-Year Plan: all energies were concentrated upon building up the industries which produce the means of production. Natural resources were developed at top speed—coal-mining, oil production, iron and steel industries. Electric power spread rapidly over the country. Engineering factories sprang up like mushrooms.

At the same time agriculture was brought under State control. In 1928 all but three per cent. of the farms were worked by individual peasants. In 1932, three-quarters of the farmland was controlled by collective farms. The area under the plough was increased and agricultural work mechanized at a tremendous rate. The operation was successful, but the patient very nearly died. The cost of the first Five-Year Plan, which attempted to compress into five years what had taken a century in other countries, was famine, misery, ruthless oppression.

During this period Soviet Russia gradually ceased to be regarded as an outlaw by other nations. She had established friendly relations with Germany, and a number of other Great Powers had at least restored normal diplomatic contact. Russia was becoming a valuable, if temporary, market and, though the fear of Communist propaganda prevented

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most countries from drawing unduly close to her, the former tension disappeared. Soviet foreign policy, however, remained inactive. Its chief purpose was now to facilitate the external trade which was needed for the execution of the Five-Year Plan. In the East, Russia yielded humbly to the advance of Japan, although the Japanese conquest of Manchuria destroyed a valuable economic outpost, cut off the only direct railroad to Vladivostok, and threatened all Russian positions in the Far East. Towards the end of this period she even lost much of her former interest in promoting world revolution; the Comintern, spiritual source and centre of world Communism, languished.

To a large extent this conversion to a more conservative policy was the result of the victory of Stalin over Trotsky after a struggle lasting from the death of Lenin in 1924 till the banishment of Trotsky in 1929. Trotsky had stood for the pure Bolshevik doctrine: he wanted Communism undiluted and believed in the world revolution. Stalin, on the other hand, used the Bolshevik creed as a means to an end: he is above all a Russian nationalist with a grim sense of realities and a patience which makes light of a decade or two. Stalin, after his victory of 1929, stamped out the recurring revivals of the Trotsky doctrine in a bitter fight of which the trial and execution of Zinovieff, Kameneff, and fourteen other "old Bolsheviks" in 1936 was the most recent but hardly the final stage. As Stalin consolidated his dictatorial position, Soviet policy grew more realistic both in domestic and in foreign affairs.

The year 1933 ushered in a new era of Soviet policy. Russia became a member of the League of Nations with a permanent seat on the League Council. She concluded non-aggression pacts with all her Western neighbours and pacts of mutual assistance with France and Czechoslovakia. Her Government was at last recognized by the United States. She took an active part, with France and Great Britain, in the organization of collective security in Europe. Gone are the days of diplomatic isolation. The voice of world revolution is hushed. Communist parties here and there support *bourgeois* governments and press for higher armaments. The

Soviet Union is siding with the friends of peace against actual or potential aggressors.

The startling change is due to two causes: the threat to Soviet territory from Germany and Japan; and the achievement of internal stability as a result of the second Five-Year Plan. It might be added that the two causes are not unconnected with each other. The pressure on the frontiers lent momentum to the economic and social progress within the country.

About 1932, when Moscow became thoroughly alarmed over the trend of policy in Japan and Germany, preparations for defence on a national scale were put in hand. The Red army was steadily enlarged. It was virtually divided into two separate units, one stationed in the West, the other in the Far East. In the succeeding years the production of war material and transport was not merely speeded up at the existing works, but new industrial centres were formed for this purpose. It was during this process that the active development of Asiatic Russia began. These regions had been neglected ever since 1905, when the eastward expansion of Tsarist Russia was stopped by Japan. To-day their natural resources are being opened up with great speed. Heavy industries have grown up around the coal and iron deposits of the Baikal district; oil from Sakhalin is refined in Siberia; agriculture is modernized; industries are spreading all over the enormous area. Within a few years the industrialization of the East, caused by the needs of defence, has changed the face of Russia. Broadly speaking, industry has spread South and East, while agriculture is carried further North, so that an assault on the Soviet Ukraine should not cripple the Union as a whole. The Soviet Union has been given not only an internal balance of resources which Russia never before possessed, but a new domestic task of almost unbounded potentialities.

Rewards

The second Five-Year Plan, beginning in 1933, combined the strengthening of Russia's defences with the completion

of the original programme of industrialization. Under the first plan everything had been sacrificed to the construction of the industrial groundwork. The second plan brought the building-up of light industries, the improvement of transport, and the raising of the output of food and goods for popular consumption. Distributive trades were gradually freed from restrictions. The standard of living of the hard-tried population was at last allowed to rise. By 1934 success was assured. It was no longer necessary to cut down the consumption of the people in order to build up new industries, mechanize agriculture, or provide for the needs of the Red army. Coal, steel, oil, cotton, machinery, means of transport, engines and tools were now turned out by Soviet industry in adequate quantities. Attention could be given to the personal well-being of the masses.

The change began at the end of 1933, when the Far Eastern provinces were granted exemption from the grain tax. Soon afterwards the arrears of grain deliveries were remitted throughout the Union. In 1934 a new system of wage payment was introduced : the Communist theory of one wage for all was abandoned in favour of payment according to the quantity and quality of work done. It became possible to earn more than the standard wage, to save, to own luxuries. In November 1934 the abolition of food rations marked the beginning of easier times, though housing, so far, has lagged behind in the general improvement. In 1935 the organization of the collective farms was relaxed so that the peasant could once more own his house and allotment, possess up to three cows and as many poultry and pigs as he liked. The result of this innovation was that the peasantry gave up its stubborn position to the Government. To-day many of the collective farms are run by farmers instead of Red commissars, and the countryman can call his life his own.

A series of new laws promulgated during 1935 brought greater freedom to all sections of the population. The supply of goods in cities and towns was no longer confined to bare necessities. Many people were able to earn a good deal more than they needed for mere subsistence. By 1936 one could

see laughing faces and crowds almost gay. Rigid Communist doctrines yielded to common sense in such matters as education and marriage. Parents were given a say in the bringing-up of their children ; divorce was made more difficult.

The climax was reached with the publication of the draft of a new constitution in June 1936. Broadly speaking, it aims at giving the peasant equal rights with the townsman and granting to the entire population such individual liberty and democracy as is compatible with the continued overlordship of the Communist Party. It remains to be seen how the admirable provisions of the constitution will work out in practice. That Russia in her new democratic guise will fulfil the conditions which western democracies are accustomed to expect of a free régime can hardly be hoped for. The trial in August 1936 of sixteen former Soviet leaders charged with conspiracy against the Government suggests that the Stalin régime is determined to defend its own position in future as it has done in the past. But even if the new law should lose more than half its vitality between statute book and reality, it will obviously be a striking advance on previous Russian conditions. With these reservations, the main points of the new constitution may be usefully summed up.

The All-Union Congress of Soviets, which, though in theory the highest authority in the Soviet Union, has met only once every two years for a week to listen with dutiful applause to governmental speeches, is to be replaced by a National Assembly. This will consist of two chambers, one elected from the whole Union by the direct and secret vote of all men and women over 18; the other a Federal Assembly representing the various Soviet republics which form the Union. It should be noted that the Lower Chamber at least is open to candidates of many shades of opinion. Apart from the Communist Party, co-operatives, trade unions, youth organizations and agricultural societies will nominate candidates. The formation of new parties, however, will not be permitted ; nor will the Soviet State allow its fundamental principles to be called in question. The Assembly will meet either separately or jointly for two months twice a year ; during vacations it will elect a govern-

ing committee to act on its behalf. Ministers are to be responsible to the Assembly, or to the committee when the chambers are not in session.

The right to own property is clearly defined. Earned income may be owned, saved up, and spent at will. Farmers—that is, members of the collective farms—may possess a house, allotment, and some livestock and minor implements. The land worked by the collective farms is the property of the community and may not be bought or sold; the same applies to large farming machinery and implements. Finally, all means of production except those mentioned must for ever belong to the State. This last provision is intended, as Stalin has pointed out, to prevent the present system of State Socialism from slipping back into a disguised Capitalism.

The constitution also defines the civil rights of the individual; and it is in this section that the change appears most clearly. The citizen is entitled to work, free education, free medical attendance, holidays with pay, and all existing social services. *Bourgeois* birth, social origin, or previous political activities will no longer disqualify a citizen for any employment or career. Freedom of speech and assembly, freedom of religion and of the press, are guaranteed—this, perhaps, is the point where intention and reality are most likely to clash. Further, all arrests are made conditional on an order of a law court, a striking contrast, if upheld, to previous conditions. However imperfectly the new constitution will be interpreted in practice, it is a sign that the dictatorship of the proletariat is giving way to a new régime which is by comparison more liberal. Economic success has brought with it a new sense of internal security which is bound to ease the strains and stresses under which Russia has been labouring for nearly twenty years. How will the change affect Russia's relations with the outside world?

On the Side of Peace?

Exposed to the aggressive designs of two Great Powers, the Soviet Union has built up a formidable military force. In the Far East the strengthening of Soviet defence has already

postponed, if not averted, a war with Japan which a few years ago was regarded as inevitable. Japan, chary of provoking a neighbour suddenly grown to gigantic stature, turned south and ran slap into the Anglo-American hornets' nest. In Europe Herr Hitler has given up talking about a decrepit Russia on the verge of collapse and waiting for the Teutonic pioneer to put things right. Germany, like Japan, will select the weakest spot for attack. It is therefore of vital importance for the future of Europe as well as of the Far East to know whether the Soviet Union is strong enough to make Germany abandon any attack on her territory. If she is, Germany will choose other directions for her expansion, and it is by no means unlikely that she will come up, like Japan, against England. But is the Red army really strong enough to frighten off two enemies who might, at some future date, attack simultaneously?

As to the numerical strength of the Red army and air force, Marshal Tukhachevsky announced in January 1936 that its peace establishment was 1,300,000 men; and it is asserted that the lowering of the conscription age from twenty-one to nineteen in August 1936 will not lead to an increase of the numbers serving at any one time. The trained reserve is given as 6,000,000 men. Some doubt may be felt regarding the figures published by the rulers of the Soviet Union at a time when they must wish to create an impression of unassailable strength. Nor can the crack regiments which parade annually at Moscow before Russian and foreign spectators be taken to represent the average standard of the Red forces. But from such expert foreign judgment as is available, the following impressions can be gathered. There are, broadly speaking, three Red armies: one in the East, another in the West, and the third in the Volga basin and other central districts whence it can be despatched either East or West according to need. The mechanical equipment, including artillery, tanks and transport, is said to be up to the highest European standards. What seems to impress foreign experts most deeply is the spirit of the army. The Red soldier, who is well fed, well paid, well trained, and well treated, shows a hearty efficiency which his Tsarist predeces-

sor never possessed. The officers who have risen from the ranks fill their posts admirably. The army command is capable and confident, and lacks the exuberant pride which is the pitfall of other armies. As for the air force, its machines, mostly made in Russia, are second to none in quality. In the particular field on which the Soviets have concentrated, the long-range transport and bombing machine, they are unequalled. Some doubt seems to exist whether the personnel of the air force is up to the standard of its equipment. But opinions differ.

There is as yet no large Soviet navy, though there are a number of warships and submarines in the Black Sea, the Far East, and the Baltic. It remains to be seen whether the Government's intention to build three powerful fleets will be carried out. In the case of the Pacific and the Baltic this would make a decisive difference to relative strengths, as both Japan and Germany can use their powerful navies to supplement a land and air attack.

With regard to the question of supplies, the work of the past few years has done much to reduce the need for transport over long distances. The old division into industrial and agricultural regions is disappearing; every major area of the Union is gradually building up industries based on its own raw materials, supported by local agriculture. This process is notably advanced in central Asia and Siberia, where most war supplies, in the widest sense of the word, are already produced within easy reach of the Far Eastern army. The railway system, long neglected, has been very considerably extended in most parts of the Union. The Trans-Siberian Railway, the main link between West and East, has been double-tracked almost throughout its length to facilitate the despatch of reinforcements and such supplies as cannot be procured locally in sufficient quantities. Long-distance roads are the next point on the transport programme to be tackled. Glider "trains", drawn by long-range aeroplanes, already play a spectacular part in the transport system, though their value is not yet proved. In civil aviation the mileage covered is not far below that of the United States, which is the largest in the world.

It may be confidently said that the Soviet Union to-day is more than a match for Japan, and strong enough to beat off a German attack. It is not quite so certain that her superiority over Germany will continue. Though she may build two aeroplanes to Germany's one, the difference in the human element, some experts assert, will tell in Germany's favour within a few years. This is, of course, mere speculation. But it is certain that the Soviet rulers are genuinely anxious about the possibility of a simultaneous attack on both fronts. Preparations for this contingency are being laid with all possible care and speed, but the test would be extremely severe for a national structure which has not had time to take root.

Soviet Imperialism?

The building-up of the Soviet military machine has absorbed a large share not only of the resources but of the attention of Russia. The people are proud of the Red army; there is much enthusiasm for all sorts of semi-military activities. The Soviet Government has done its best, or worst, to make the masses "drill-minded" as well as "air-minded". There can no longer be any doubt that the bulk of the populace would, in the event of an attack on the Soviet Union, vigorously support the Government. This raises the question whether the Soviet Union might not itself ultimately develop expansionist leanings.

Here is a vast and compact country rapidly developing into one of the strongest economic and military powers of the world. Until now it has been so glaringly exposed to the aggressive designs of others that its only concern has been to protect itself. But there are certain features in the Soviet position which do not differ greatly from that of the Tsarist Empire. Included in the Union are many lands and races which are not in the least Russian but were conquered and subjugated by the Tsars. In this respect at least the Soviets have stepped into the heritage of Russian Imperialism. May they not revive, once their internal position has been consolidated, the old Imperialist ambitions of their predecessors?

The establishment of strong Soviet influence over Outer Mongolia and Chinese Turkestan (Sinkiang) has been interpreted by many as a sign that Soviet Imperialism is not very different from Tsarist Imperialism. The activities of the Bolshevik advisers and agitators in China ten years ago suggested that the Soviets are not oblivious to opportunities outside their own territory. They are taking a close interest in the present activities of the Chinese Communists. Moreover, the constant though fluctuating interest of the Communist International in the encouragement of Communism in other countries has often been felt and resented as a form of irritation hardly less offensive than military threats.

On the other hand, there are essential factors in the Soviet position which make an early return to expansionist policies on a large scale doubtful. The fact that the people of the Union, though valuing military prowess, are anything but war-minded, need not affect our question greatly, for public sentiment is liable to quick changes. More significant is the fact that Russia, though it lost huge territories, including hundreds of miles of sea-coast and valuable industrial, mining, and agricultural regions, has never demanded "equality" or set itself up as a "have-not" country. After the short-lived attempt on Poland in 1920/21 there has not been the slightest sign of a Soviet desire to regain any of the countries lost in Europe. A test case was Bessarabia. Formerly one of the richest agricultural provinces of Russia, it was taken by Rumania after the War, and for fourteen years Moscow refused to recognize Rumanian sovereignty over the province. But in 1933, when the German-Japanese menace became ominous, the Soviets quickly abandoned their claim to Bessarabia in order to remove a source of irritation from their frontier. The Soviet economy has since been balanced on the assumption that the Bessarabian produce would never again be available, and to-day the recovery of the province would not even be desirable.

The economic structure of the Soviet Union provides, in fact, the most solid argument against any likelihood of expansionist ambitions. In the course of the last decade the

natural resources of the Union have been developed to such an extent that the country has become practically independent of foreign trade. During the first Five-Year Plan huge quantities of industrial raw materials and products were imported and paid for by the export of other raw material. During the second Five-Year Plan imports steadily declined; at present they are less than one-fifth of the peak level, and exports have fallen correspondingly. The principal commodities for which the Union, in 1935, still depended on foreign supplies were rubber, wool, cotton, iron and steel, and various rare metals. With the exception of rubber and such metals as tin, nickel, aluminium and copper, the output of these goods within the Union is rising at such a rate that imports may be expected to cease before long.

A striking fact is that rising domestic production has not led to an increase, but on the contrary to a sharp reduction, of exports. Total Soviet exports have fallen to one-fourth of what they were in 1930. It is quite obvious that the Soviet Government is aiming at, and rapidly achieving, a self-sufficient national economy which shall have no need either for extensive imports of raw materials or exports of surplus production. A country which has become self-sufficient not through stern retrenchment but through spacious internal development has no stake to promote or defend outside its own frontiers. And the Soviet Union, which within its immense territory possesses all the resources needed for the building-up of a well-balanced economy, seems to be nearing that goal. It has no foreign investments, and its commercial debts to other countries have been drastically reduced to a sum which could be paid off without difficulty out of the present gold reserve.

Gold, indeed, will play an increasingly important part in freeing the Soviet Union from such foreign contacts as she still maintains. Between 1929 and 1935 its gold output multiplied fifteen times; in 1935 it became the second-largest gold-producer in the world. As some of the biggest goldfields in the Union, particularly in the far North-East of Siberia, have hardly been tapped, Soviet Russia may before long be

able to pay in gold for the few imports which she might still need, instead of leaving a section of its economy adjusted to exports.

If there is indeed such a thing as a Soviet Imperialism, it is unique in having no economic, commercial, or financial foundation.

Expansion

The exception to the rule has already been mentioned: it is the Soviet penetration of Outer Mongolia and Sinkiang. In the first-named country the Soviet Union has at least a defensive interest. If she allowed Outer Mongolia to fall into Japanese hands—which it would undoubtedly do as soon as the Soviets cleared out—her flank would be exposed to a Japanese attack on her industrial nerve-centres. But if this argument were admitted, it would mean that Soviet Russia might be justified in penetrating Finland or Rumania in order to forestall a German attack. In fact, defence is only an afterthought in the Soviet penetration of Outer Mongolia; and in Sinkiang it is not even that. Is it, then, sheer Imperialist expansion?

The Soviets went to Outer Mongolia originally in the course of the civil war, when an anti-Bolshevist Russian army had established itself there. The Red forces drove out the White, but withdrew almost immediately. A small Red guard was left behind for two or three years; ever since 1924 there have been no Soviet troops in Outer Mongolia. What this means can best be realized by imagining that the Japanese might suddenly withdraw their army from Manchukuo. Is there any doubt that the population would rise as one man to shake off the Japanese yoke?

In Outer Mongolia, by contrast, Soviet control is exerted by "advisers" who are present in every public department. It is true that the control is no less effective for being unobtrusive, but it is also true that this method does not give the Mongols the feeling of being a subject people. There seems to be no interference with the national aspirations of the Mongols and no particular desire on their part to shake off

the Soviet connection. Moscow is content with the rôle of a patron. No attempt has been made to introduce Communism, and the Chinese suzerainty over the country has been explicitly recognized.

The case of Sinkiang is different. It has already been described in connection with Indian affairs how the Soviets helped to suppress an internal revolution in Sinkiang in 1933. This action cannot by any stretch of imagination be put down as a consequence of the Russian civil war. Although the inner history of the Soviet intervention has remained a closely guarded mystery, it seems clear enough that Moscow eagerly responded to an appeal for help by the Chinese provincial government in Sinkiang. Once order was restored, Soviet interference ceased; but Soviet influence, it appears, remained paramount. In this case, then, Soviet Russia has pursued something remarkably like an Imperialist policy, even though that policy does not involve permanent military occupation or economic exploitation. It should be noted, however, that the Sinkiang *coup* was made at a time when Stalin's new policy was not yet firmly established.

Two important provinces of China have thus come under strong Soviet influence. Will the Russians use their new position of vantage to penetrate further, either into China, or into Central Asia? As for China, much depends on the degree of order and unity which the Nanking Government will be able to establish in the north-western and western provinces. There are still one or two Chinese provinces left which, like Outer Mongolia and Sinkiang, are bound to China not by race or sentiment but merely by political tradition. A situation might easily arise in which the Soviets would be tempted to fish in troubled waters; and the existence of Chinese Communist régimes on the inland borders of China might provide opportunities for inconspicuous Soviet penetration. There is also, as we pointed out before, a temptation to exert Soviet influence in Tibet, where internal conditions are unstable and Japan is making a bid for political control. It may be, indeed, that a further extension of Soviet influence will arise simply from efforts to counter Japanese intrigues. The possibility that a Soviet Imperialism

may eventually become a powerful factor in Asia cannot be entirely ruled out.

There is, however, this much to be said. No important interest of the Soviet Union depends at present on the control of any region outside its frontiers. The solution of no internal problem is sought in territorial expansion. And even the insidious burrowing of Communist propaganda all over the world is no longer prompted by any material interest of the Soviet Union in the advent of a world revolution.

The Soviet Union to-day can live without territorial acquisitions, without expanding foreign trade, and without the conversion to Communism of other nations. The rule which seems to be proved by the Central Asian exception runs thus: The Soviet Union has become a comparatively stable, self-contained country which can afford to stand aside from the struggle for world power, for raw materials and markets. Her immediate objective in the international field is security from attack—so much so that it may be doubted whether the Red army would march if Russia's allies—France, Czechoslovakia, or Turkey—were attacked.

As for the remoter future, it is well to remember that the Soviet policy of national self-sufficiency stands or falls with Stalin. The Dictator of Russia, now the only survivor of the Bolshevik "old guard" remaining in power, will not easily change his view that pure Communism must wait on time and opportunity, and that the security of Russia is more valuable than the spreading of the revolutionary creed. But though time and again he has crushed the adherents of world revolution, his victory can never be final. Internationalism is essential to Communism. This fact was well illustrated during the Abyssinian war and the Spanish troubles, when the Soviet Government, though maintaining a correct attitude of non-interference, was unable to prevent public opinion, workers' organizations, and Communist Party organs from taking an enthusiastic interest which almost upset the official policy. If ever Stalin's power is weakened, or upon his death, these forces may well regain their former strength.

It might also be asked whether the economic self-suffi-

ciency of the Soviet Union is likely to be permanent. During the effort to attain in ten years a level of industrialization which would normally have required a century of progress, great factories have been erected for the production of "means of production" such as machinery, tractors, etc. The time is rapidly approaching when the country will no longer need the output of these works. In tractors, the market is already said to be near saturation point. Will the Soviet Government, true to its doctrine of self-sufficiency, allow the superfluous factories to close down? Or will Russia, in a few years, become an exporter of industrial manufactures on a large scale? And in the latter case, will she not be forced to interest herself once more in external markets and to reshape her foreign policy in order to promote and secure her foreign trade? These are weighty questions—but the answers touch a distant future into which we cannot pretend to see.*

*The statement that Stalin's victory over the adherents of world revolution "can never be final" has been grimly confirmed by another series of treason trials against prominent Bolshevik leaders. A vast "purge" has been in progress for some time, affecting all government departments, and even the police force and the Army. Stalin has retained the upper hand, but the crisis has been grave and its effects will long be felt.

The Moscow trials, whether genuine or fraudulent, have revealed the existence of incredible inefficiency, waste and maladministration. They have raised serious doubts as to the strength of the Soviet Union in the event of war. But it should be remembered that neither Germany nor Japan, the potential enemies, are free from similar weaknesses.

CHAPTER XVI

THE LION AND THE UNICORN

Power and Faith

THE OFT-PREDICTED break-up of the British Empire seems as far off as ever. Many times during the past thirty years the disruptive forces have placed a heavy strain on the Imperial structure. Each time England allowed the hawsers to slacken, and miraculously the ship righted itself. The devolution of constitutional power, by which the five largest "white" dependencies have approached the status of sovereign states, has worked surprisingly well. As the overseas dominions progressively freed themselves from the grip of the motherland they became more anxious to preserve the unity of the Empire as a whole. The same can be said of India to-day, and nowhere has the miracle been more unexpected. The parts of the Empire are to-day bound to the whole both by the magnificent mythos of the Imperial Crown and by their dependence on English protection. "The Empire," said General Smuts, "is the greatest paradox of all time in that it derives its strength at the centre from the weakness of its hold on the circumference."

The Lion and the Unicorn supporting the Crown and Armour of Britain in the Imperial coat of arms are a perfect symbol of the forces by which the Empire is held together to-day. The Lion has always stood for the might of England; the Unicorn, as Professor W. Y. Elliott* points out, is known to legend as "the most gentle and kindly of beasts, terrible only in wrath when roused to battle." And though, to quote the same author, jurists are confounded by "a Crown which is at once one and several, a State which is for some purposes

* *The New British Empire*, New York, 1932.

a single high contracting party yet composed of others able to act separately", there is no denying that the new Empire is more united than the old.

The progress from centralization to Dominion autonomy has been swift though not always smooth. Partial home rule was granted to the "white" colonies as much as fifty years ago. The first vital step towards decentralization was taken at the Imperial Conference of 1911, when the self-governing colonies were granted, in principle, full autonomy in their internal affairs and the right to be consulted on such questions of British foreign policy as affected their interests. The World War quickened the pace. Representatives of the overseas Dominions were included in the War Cabinet, and some of them took a prominent part in the shaping of British War policy. They were again included in the British delegation to the Paris Peace Conference; at Versailles, for the first time in history, they signed an international document as representatives of individual states. As such, the Dominions became separate members of the League of Nations.

After the War, when thoughts of common danger and defence were laid aside, the disruptive forces gathered strength. In 1923 the entry of the Irish Free State into the ring of self-governing Dominions encouraged those in the other Dominions who desired freedom from English interference. In 1924 General Hertzog, the Boer Republican, became Prime Minister of South Africa; he demanded full sovereignty for his country. Canada, owing to a bitter constitutional quarrel with the then Governor-General, Lord Byng, joined the clamour for independence.

It was this combined revolt of three Dominions which induced the British Government, at the Imperial Conference of 1926, to restate the constitutional position of the Empire in a novel way. The Committee on Inter-Imperial Relations, headed by Lord Balfour, for the first time defined the position and mutual relation of Great Britain and the Dominions: "They are autonomous communities within the British Empire, equal in status, in no way subordinate one to another in any aspect of their domestic or external affairs,

though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations."

The Dominions thus reached full equality with the motherland, though the Committee took care to point out that "the principles of equality and similarity appropriate to *status* do not universally extend to *function*. . . . For example to deal with questions of diplomacy and questions of defence we require also flexible machinery which can be adapted to the changing circumstances of the world." In other words, though the Dominions were henceforward to be fully equal to Great Britain, bound to the Empire only by "common allegiance to the Crown" and free to choose whether or not to co-operate with Great Britain in any given case, London retained the reins of the new Empire.

Some further points from the Balfour Report may serve to elucidate the new position. It stressed that the new constitutional formula was devised not merely "to make mutual interference impossible", but "to make mutual co-operation easy". And though every self-governing member of the Empire was "now the master of its destiny", "no account of the negative relations in which Great Britain and the Dominions stand to each other can do more than express a portion of the truth. The British Empire is not founded upon negations. It depends essentially, if not formally, on positive ideals. Free institutions are its life-blood. Free co-operation is its instrument. Peace, security, and progress are among its objects . . . and, though every Dominion is now, and must always remain, the sole judge of the nature and extent of its co-operation, no common cause will, in our opinion, be thereby imperilled."

The new relationship was codified in 1931 by the Statute of Westminster, which added the right of the Dominions to repeal Imperial acts then in force if they ran counter to Dominion legislation, abolished the right of the Crown to disallow Dominion laws, and did away with the right of the British Parliament to legislate for the Dominions except at their request.

Four reasons have principally contributed to the success of the new Imperial constitution.

(1) The personality of the late King George V. When the Crown became the sole tie binding the Dominions to the motherland, the person of the King came to be of supreme importance in Imperial relations. It may be said without disrespect that serious difficulties would have been almost unavoidable if there had been on the throne at that critical moment a monarch as wilful as Queen Victoria or as assertive as King Edward VII. The simplicity, reticence and tact of the late King ensured not only the spontaneous affection of the people in the Dominions, but prevented the rise of any suspicion of continued domination from London.

The personal relations of the Dominion representatives and visiting statesmen with the King became in fact an element of supreme importance for the cohesion of the Empire. The Dominions, finding at Buckingham Palace an ever-open door and unfailing understanding for their problems, developed a habit of consulting the King or his advisers not merely on major constitutional issues but on points of current business. Thus a kind of Imperial secretariat has informally come into being at Buckingham Palace. The Dominions Office welcomed and encouraged these new relations, and departmental friction, which might easily have arisen from any want of tact, was entirely avoided. This development is as yet too recent and too intangible for any assessment of its future. But there can be no doubt that it has played an outstanding part in drawing the Dominions closer to the common cause at the very time when they had gained a right to dissociate themselves from it. .

(2) The economic crisis and the solution provided by British financial policy. When the disastrous slump of commodity prices and the shrinkage of world trade brought about the collapse of the gold standard, Great Britain was for a time exposed to grave dangers. Depending on the import of raw materials, she would have found it hard to pay for these, had she been alone in devaluing her currency; for the sterling cost of imports would have shot up. The

result, in theory, would have been a sharp rise of the British price-level, an equally violent depreciation of the pound, and an inflationary policy which might well have progressed beyond control. Had the Dominions retained the gold standard they would, as the example of South Africa showed for a time, have been faced with grave unemployment and economic stagnation.

But the danger had hardly arisen when it was countered by the linking of half the world's currencies to the sterling exchange rate. The area of co-ordinated currency rates became so large, and included so many of the complementary raw materials and industrial products, that the so-called Sterling Club became almost independent of both the currencies and the price movements of that part of the world which remained tied to the gold standard. The Dominions—and, incidentally, India—became intensely aware of the advantage of belonging to a vast economic unit which could neutralize to a certain extent the financial and commercial trends prevailing in outside countries.

Nowhere was this boon more strikingly demonstrated than in the Union of South Africa. When England abandoned the gold standard, and most of the Dominions, in addition to other countries, followed suit, South Africa at first refused to be drawn into the movement. The result was acute depression, rising unemployment, Budget deficits, and growing discontent. When at last South Africa fell into step with England, a blaze of unprecedented prosperity burst forth. The gold-mining industry multiplied its profits and spread new wealth over the country; the Budget deficit changed into a Budget surplus; a wave of optimism swept down the old distrust between the two white races and set South Africa on the road to an economic expansion far beyond its wildest dreams.

It was the financial crisis which led to the first attempt at closer economic co-operation within the Empire. In the decade following the War England had lost much of her former economic hold over the Dominions, who were rapidly building up their own industries and finding new markets outside the Empire. They had one and all set up

protective tariffs against industrial imports, granting only a slight measure of preference to British goods. Before the onset of the slump the tendency in the Dominions was towards progressive separation from England. They threatened to abolish the preference rates for British goods altogether unless they received adequate concessions in the British market. South Africa went as far as concluding trade agreements with foreign countries which contained a promise that future preference duties accorded to Great Britain would also be allowed on imports from these countries (the agreements have never come into force). These tendencies were checked and partly reversed by the new policy of economic co-operation within the Empire which resulted in the Ottawa agreements of 1932.

After four years' experience it must be admitted that the outcome of the Ottawa Conference, expressed in trade values and volume, has not justified the high hopes entertained by some at the time. But the important point is that the economic dissolution of the Empire has been brought to a halt. The preference agreements signed at Ottawa did lead to an increase, however slight, of trade between members of the Empire. Ottawa, after all, was only the first tentative step in the direction of closer co-operation, and it is a venerable principle of British policy to progress by trial and error rather than by long-range planning.

(3) The growing danger of war. After the world war the Dominions looked forward to a long period of peace. In the Far East Japan had proved a loyal ally, and when the alliance was dropped the Nine-Power Treaty stabilized existing conditions. Germany was disarmed; her fleet no longer tied the British navy to European waters; her influence in Africa had disappeared. The foundation of the League had raised hopes of permanent peace. In these conditions the Dominions ceased to worry about the security of their territories and trade routes. They felt free to assert their independence of the motherland.

By now the scene has changed. The rearmament of Germany and the Mediterranean crisis have once again immobilized the bulk of the British navy in Europe. The

peace of the Far East is gravely endangered by Japan. The German menace in Africa has been replaced by an even greater Italian menace. The United States, formerly a potent force in upholding the peace, has withdrawn into her own shell. The League of Nations has received a staggering blow. One and all the Dominions are anxiously considering means of ensuring the safety of their own lands and their external trade connections. The effect of their fears has been to deaden all thoughts of independence and to rouse a new interest in collaboration with England. The manner in which the Dominions have recently scurried into the shelter of British protection can best be illustrated by a few concrete examples.

In 1931 General Hertzog, the South African Premier, went out of his way to tell the Union Parliament that the Statute of Westminster had granted South Africa the right to secede from the British Empire whenever she wished—a statement which was capped by the then Dominions Secretary, Mr. J. H. Thomas, with the prophetic comment that he would no more dispute the Dominions' right of secession than he would doubt the right of every man to cut his throat. In 1936 General Hertzog had become a staunch supporter of co-operation with England in the defence of the Empire: "Among the peoples of the world," he said, "there is no nation which is ready to do what England is ready to do for us."

Again, Mr. Oswald Pirow, South African Minister of Defence, Harbours and Communications, had been the leader of the Republican wing of the Transvaal Nationalists when he entered the Hertzog Cabinet in 1929. Of German descent, an admirer of German methods and mentality, he had been prominent in bringing about the South African commercial agreement with Germany, which cut across established Empire principles. In 1936, when Italy had annexed Abyssinia and the menace of a huge black army on the borders of British Africa appeared on the horizon, Mr. Pirow, too, became a strong Empire man. "South Africa and the British Empire," he stated, "have ninety-nine and nine-tenths of their interests in common to-day, so we stand

together.... The whole strategy of the Empire has changed. Cape Town is now once more a half-way house to the East and to Singapore.... A South Africa hostile to England is unthinkable. We should have to have a civil war here before that."* Mr. Pirow came to London for discussions on the strengthening of South Africa's defences. He offered nothing less than that the Union would make herself responsible for the defence of the British territories north of her borders in exchange for the naval defence of the Union by Great Britain.

Australia, where thoughts of independence were rampant a few years ago, has come down strongly on the side of the Empire. After contributing two warships to the Red Sea patrol during the tension of the Abyssinian war, she is now proposing to increase, with British assistance, her meagre navy and air force. As for India, quite a number of her politicians who, a few years ago, were absorbed by the desire to be rid of the British connection, are now urging the British Government to create a strong Indian navy for the defence of her exposed coasts. Even in Ireland, most hostile of all Dominions, and straining to cut the last ties which bind her to the British Commonwealth, a sense of common danger is gaining ground. While the temper of the Irish people remains inflexibly opposed to anything that smacks of the return of British domination, the more responsible Free State leaders are beginning to show a new appreciation of the need for co-operation with Great Britain in matters of defence.

Soon after the War it was widely believed that if ever England was to be involved in another war the British Dominions would hesitate, and probably refuse, to join her. What the attitude of each Dominion would be in the event of war is still a matter of doubt; much would depend on the nature of the war. But there cannot be the slightest doubt that they are more ready now than they were ten years ago to regard a threat to any part of the British Empire as a threat to the whole.

- (4) The League of Nations policy of the British Govern-
• *Daily Telegraph*, 10th June, 1936.

ment. The question just mentioned—whether the Dominions would join England in case of war—is intimately connected with the League aspect of British foreign policy. The assertion of the Balfour Report that the British Empire “depends essentially, if not formally, on positive ideals” is not an empty phrase. Common interests bind firmly, but interests reinforced by common ideals bind more strongly still. Peace is at once the essential interest and the guiding ideal of the British Empire. Without the League of Nations, British foreign policy would have been suspected in the Dominions, and they would probably have refused to follow where they did not clearly see the goal. At Geneva they had a voice in the shaping of peace, and the League Covenant laid restrictions upon British foreign policy which they welcomed. Moreover the existence of the League of Nations allowed the Dominion governments to support England without saying so. They were not merely certain themselves, but they could convince their peoples, that the aim was international peace and justice rather than British self-interest.

The extraordinary importance of the League to inter-Imperial relations was demonstrated in 1935. The Dominions loyally supported the course taken by the British Government at Geneva. Though there was some opposition in Canada, Australia, and South Africa, it is on the whole true to say that at the time of Sir Samuel Hoare’s “sanctions” speech at Geneva the peoples of the British Empire were more united in sentiment and purpose than they had been for years past.

As soon as the British Government began to falter in its League policy the reaction was keenly felt in the Dominions. Both the uprush of common feeling and the anti-climax which followed have shown beyond question that Great Britain cannot abandon the League of Nations or allow its weight to be whittled down without endangering the solidarity of the Empire.

If we are right in saying that the success of the new inter-Imperial relationship has been due largely to the four

causes just mentioned, it must also be noted that all of them are of a more or less temporary nature. As to the first point, it is sufficient to say that the relation of the Dominions to an Imperial Crown which is both one and several, both divisible and indivisible, has yet to meet a test of durability. With regard to the economic crisis and its bénificent effect on Empire relations, it is not difficult to imagine future changes which might work in the opposite direction. It is quite possible that the modest success of the Ottawa experiment has been due to the fact that the Empire has since been united by a common exchange rate, while some of the largest foreign countries have maintained the gold standard. If that is so, any future realignment and stabilization of world currencies might well reverse the process. The same may result from a future decline of economic nationalism and a broadening of world trade. Thirdly, it is just possible that the growing fears of the Dominions for their own security might in certain circumstances lead them to seek protection in other directions than that of Great Britain. Finally, the League of Nations is obviously no longer a very potent or permanent force, and its effect on Imperial relations may not last. To sum up, the disruptive forces of the Empire remain; though dormant now, they continue as a latent threat which must always contribute to the shaping of British policy.

An Irish Republic?

Fifteen years after the signing of the Treaty which gave Southern Ireland Home Rule, the new Dominion is well on its way to complete independence. President De Valera has been able, against all rational prediction, to consolidate both his own position and that of the Free State. Law and order have been firmly established; never before has the present generation of Irishmen experienced such tranquillity. The Free State army, though small, is unquestionably loyal to the Government. The influence of the various revolutionary bodies, including the I.R.A., is declining. Although there is some tendency among the urban population towards

Socialism and Communism, there is no obvious danger of any upheaval. In short, internal tension has been eased to an extent which seemed inconceivable a few years ago.

The economic policy of self-sufficiency, although sharply increasing the cost of living, has not been unsuccessful. The Government programmes of house-building and agricultural reform have given employment and improved living conditions. Social services have done much to relieve the hardships of poverty. Behind the tariff wall new industries have sprung up. There are fewer bankruptcies; government revenue is steadily increasing. The growing confidence in the financial state of the country was demonstrated by the success of the recent loan conversion.

On the other hand, relations with England have hardly improved. After four years the "economic war" is still proceeding; England continues to collect the whole of the repudiated Irish land annuities by way of special import duties. The damage to Irish trade, however, has been somewhat mitigated by barter arrangements for the exchange of Irish cattle and Welsh coal, and also by large-scale smuggling of Free State cattle into Northern Ireland:

Constitutionally the separation of the Irish Free State from the British Commonwealth has made rapid progress. The office of the Governor-General has been reduced to a farce and may soon be abolished altogether. The Free State Government recognizes the British Crown only in as far as the King is King of Ireland. The Free State now has its own Great Seal—the Seal of the Green Harp—which is released by the advice of the Irish ministers only and is used on all public documents. There is every likelihood that the new constitution now being prepared will mark a further step in what Mr. De Valera has called the "friendly separation" from the British Empire. Whether the Free State will then cease to be a member of the British Commonwealth is perhaps a matter of fine constitutional distinction. Complete separation is incompatible with the desire for ultimate reunion of the Free State with the six counties of Northern Ireland, which remain staunch adherents of the Empire. This problem may yet act as a check on Free-State separa-

tism. In any case it may be confidently expected that even a fully independent Irish Free State—republic or no republic—will be willing and anxious to conclude neighbourly agreements with Great Britain which ensure the military security of the British Isles as a whole.

The Empire in Africa

The problems of the British Empire in Africa may be reduced to three main issues: the balance between Dutch and British influence; the status of the native populations; defence.

The Union of South Africa, set up after the Boer War, did not produce an even balance of the Dutch and British races. Dutch influence in fact became more and more preponderant. About one-half of the white population of South Africa is of Dutch descent, while the British form only a minority of the remaining half. And while the gold-mining industry, the chief source of the country's wealth, was in British hands, the Dutch dominated the political machine.

This discrepancy was counterbalanced by the preponderant British influence in Rhodesia and East Africa. The frequent efforts to bring about a solid union of the East African colonies arose largely from a desire to strengthen the British influence in Africa as against the Dutch.

Ever since the World War the British-Dutch rivalry has been losing force. In the Union the two races are now fast inter-marrying and, though Afrikaans persists as the official language, equal to English, even the linguistic cleavage has ceased to be a source of bitterness. Dutch nationalism is no longer identical with the wish to secede from the British Empire. For all that, the British effort to strengthen the weight of British as against Dutch Africa continues. The unwillingness to hand over the native protectorates to the Union, as well as the repeated schemes for closer union in East Africa, have their root in the traditional desire to forestall South African secession.

This subdued rivalry, however, has a second root in the

fundamental contrast between the British and South African attitudes towards the native population. In this matter the British inhabitants of South Africa and the British settlers in some of the East African colonies are almost at one with the Dutch in believing that the supremacy of the white man must be maintained at all costs, while the British Government, broadly speaking, holds to the principle of Cecil Rhodes: "Equal rights for all civilized men." The British policy towards the African natives has a long and honourable tradition. It is sufficient to recall here that during the Boer War the natives looked up to England in the firm hope that she would bring them freedom and civil rights. The once-famous Cape franchise, now defunct, was a symbol of hope to the black man all over Africa.

British policy has never quite lost sight of the guiding principle that, in the terms of Mr. Winston Churchill's celebrated memorandum on "Indians in Kenya": "His Majesty's Government regard themselves as exercising a trust on behalf of the African population." And in the same State Paper, which was accepted by Lord Passfield in 1930 as the basis of British policy in East Africa, the principle is carried to its highest peak: "His Majesty's Government think it necessary definitely to record their considered opinion that the interests of the African natives must be paramount, and that if, and when, those interests and the interests of the immigrant races should conflict, the former should prevail."

It is on this point that, up to now, every attempt to form a solid block of the three East African colonies has come to grief. If ever the white settlers, particularly those in Kenya, can be persuaded to accept the British view of the native problem, East Africa may yet emerge as a powerful bastion of the British Empire. Meanwhile the problem has been made more difficult by the hardening of the South African attitude towards the natives.

The new native franchise law of the Union has virtually abolished what civic rights were left to the black population. South Africans are unshakeable in their conviction that the white race must create the strongest safeguards for its

self-preservation. They point to the fact that there are a mere two million white people spread over the vast expanse of the Union, while the natives number more than seven million and would, in the event of a rising, almost certainly be reinforced by outside tribes. The "black danger" is always in the South African's mind, and the black armies of French Africa have long been his nightmare.

That nightmare has now gained added malignancy from the Italian conquest of Abyssinia. South Africa is impressed even more by the prospect of a large native army on the borders of British Africa than by the threat of Italian Imperialism to British trade routes. In either case the danger has been quickly grasped and boldly faced. The South African Parliament passed a "long-range plan", to cost £5,000,000, for the development of defences. There is to be a strong air force, including both bombing and fighting planes and supported by a network of military aerodromes. Fortified points, equipped with anti-aircraft apparatus, will be established along the coast, and a system of strategic roads will facilitate the quick transport of troops. Additional plans, such as the building-up of a munition industry in South Africa, are under consideration.

← The Italian conquest of Abyssinia has changed the strategic position of South Africa in relation both to the African continent and to the British ocean routes. It is significant that at the height of the Italo-Abyssinian war many ships, both East- and West-bound, avoided the Mediterranean and chose the Cape route to and from England. If only as a precaution, this route is bound to be developed and made secure in the coming years. The harbour of Cape Town is to be enlarged, its shore defences strengthened, and the naval base at Simonstown considerably extended. At the same time the Union Government has shown some anxiety to take a hand in the defence of British territories North of the Union borders. This problem involves the Cairo-Cape air route, which has become an important link between South Africa and Europe. And though plans are being discussed for an alternative air route across West Africa, this does not in any way diminish the need for safeguarding the

eastern route. It is too early to forecast the effect of the new aspect of South African defence on the internal problems of British Africa; but it is already obvious that South Africa has acquired a vital interest both in the British position in Africa and in the British Empire as a whole.

In the course of this process South Africa may be expected to aspire to a share in the control of other British territories. The immediate issue is the handing-over of the native protectorates to the Union, which has been planned for some time. At some future stage the incorporation, in one form or another, of Southern and Northern Rhodesia may also demand consideration. So far the conflict over native policy has prevented the British Government from handing over any Colonial territories to the Union, but the time may come when South Africa's help in Empire defence grows so valuable that her demands can no longer be disregarded.

A complication of a different kind is already emerging in the former German colonies. Germany demands with growing insistence the return of her lost possessions, and there is considerable though platonic sympathy with this demand both in England and in South Africa. In practice the return of these territories—South-West Africa, now run by the Union, and Tanganyika, now under British colonial administration—would present extraordinary difficulties. As for South-West Africa, it is not in itself of much value, but the Union would detest the revival of German influence on its borders. Again, the mandated territory of Tanganyika now forms in practice an integral part of British East Africa, which has assumed renewed importance in view of the Italian occupation of nearby Abyssinia. Were the Germans to return to Tanganyika the two remaining British colonies, Uganda and Kenya, would be practically encircled by German and Italian territories, and the danger to the British trans-African route would be multiplied. Tanganyika lies athwart the Cape-Cairo air route, and its principal port, Dar-es-Salaam, could be used as a formidable submarine base from which British shipping in the Indian Ocean might be raided. Great Britain may be inclined or compelled to cultivate friendly relations with Germany; but

if she ever surrendered Tanganyika and South-West Africa to Germany she would expose the Empire in Africa to incalculable dangers.

Imperial Defence

The chief problems arising out of the defence of the British Empire are all contained within a triangle of which the base is the ocean route from London to Australia, while the two sides mark the old London-Capetown-Australia route. This leaves out Canada, which does not present any specific defence problem apart from the general relations between the British Empire and the United States. Apart from Canada, the security of the Empire and its trade routes is protected by naval power. The string of naval bases from Gibraltar, Malta, and (in future) Alexandria to Aden and Singapore is the cable supplying the power. If, in the event of war, the Mediterranean and the Red Sea should become untenable, the Cape route to the East can be fully defended by Gibraltar and the coming naval bases at Cape Town and along the West Coast; while the Indian Ocean is guarded from end to end by Aden and Singapore.

There are two sources of immediate danger: the Mediterranean and the Far East. To take the Far East first, it is almost certain that in case of a single combat with Japan the British interests in China, based on Hongkong and Shanghai, could not be defended. Other than naval methods must be found, and are being found, to safeguard these interests as well as may be. But there are also Australia and New Zealand, Borneo, New Guinea and the Pacific islands to be defended. Australia is torn between commercial dependence on Japan and fear of Japanese aggression. Until 1921, the Anglo-Japanese alliance ensured the stability of Pacific relations, and for almost ten further years the Nine-Power Treaty succeeded in preventing violent changes. But Japan's new policy of territorial expansion, which began with the invasion of Manchuria in 1931, has raised new anxieties and problems.

The pivot of the defence of the Eastern Empire is Singa-

pore. Three years after the termination of the Anglo-Japanese alliance work was begun on the construction of a naval base at a total cost of nearly £10,000,000. To-day the base is almost completed. It contains a huge floating dock, the second largest graving dock in the world, and a turning basin where warships can shelter. The Straits of Johore and the islands covering the Eastern entrance have been heavily fortified, and next door to the naval base there has been constructed the largest self-contained air base in the Empire. Singapore is in a position to-day to defend not only the main Eastern exit of the Indian Ocean but, together with Aden, the trade routes crossing it. At the same time the great fortress can serve as a strategic base for the defence of Australia and New Zealand.

There remains, however, one grave difficulty. Even when the present programme for the increase of the British navy is completed, Great Britain will be compelled to retain the bulk of it in European waters. However fast she may build warships, Germany may be relied upon to make full use of her right to build up to thirty-five per cent. of the total British tonnage. Relations with Germany may become never so friendly, but the British Home Fleet will always be kept superior to the German Navy. A stronger fleet will be needed in the Mediterranean; it will have to be still stronger in a year or two, when Italy completes the two largest and fastest battleships afloat, and when internal developments in Spain have introduced a new element of insecurity in the Western Mediterranean. Thus, unless one assumes the wildly improbable case of a complete British withdrawal from the Mediterranean, which would set free a large naval force for the defence of the Eastern Empire, there remains only one solution: the Dominions and India must be encouraged to take a larger share in the defence of the Empire, partly by building up their own navies and air forces and partly by providing naval bases, harbours, aerodromes and shore defences.

A beginning has already been made with the devolution of naval power. We have described the measures taken by the Union of South Africa. In that case it is largely a matter

of coastal fortifications, an air force, aerodromes and roads, and better facilities for the British navy. In Australia and New Zealand, plans are now under consideration for the expansion of the Dominion navies, particularly in the field of submarines and other small craft. An Australian air force is projected. In India the question of a strong Indian navy is already receiving attention. No more than a tentative beginning has been made, but there can be no doubt that this trend will assume great importance in the future.

British Policy

What conclusions are to be drawn from the foregoing outline of British Empire problems? In the first place, there has been a remarkable recovery of Imperial cohesion. Although Canada may collaborate even closer with the United States, although South Africa may demand a larger share of British Africa in return for her support of the Empire, the strengthening of the ties uniting the Dominions with the motherland cannot be doubted. The only exception, Ireland, at least does not weaken Britain in her defence. It must be admitted, however, that disruptive tendencies are still latent in most Dominions, and whether these will revive their former strength depends in large measure on the future foreign policy of England.

In order to maintain the voluntary support of the Dominions, Great Britain must, briefly, pursue a policy designed to revive the League as an effective force and to lessen the international tension which is threatening to lead to war. If Britain were to join either of the two great powers of the European Continent in alliance, or even in an exclusive understanding, she could not, assuming she were drawn into war as a result, count on the help of the Dominions. If, on the other hand, she succeeded in rebuilding the League as a genuine instrument of international accommodation embracing all the powers, at least, of Europe, then she could, in the event of war, count on Dominion support. For though the Dominions would hesitate to be involved in war

for the sake of British material interests, they would probably be roused by a British defence of peace and justice.

Great Britain is the only power capable of lessening the present tension in international affairs by her policy. In spite of the failure of her efforts during the Abyssinian crisis, she would still be trusted if she undertook to repair the foundations of peace on a genuinely collective basis. And should that prove impossible, she could at least, by a policy of combined strength and elasticity, remove many of the causes of war in many parts of the world. That implies the rapid increase of her military and naval forces, which is essential both for the protection of her threatened Imperial interests and as a backing for her efforts at international mediation. Only such a policy, honestly conceived and relentlessly pursued, can afford a hope that the ultimate conflagration may yet be averted.

CHAPTER XVII

LOOKING FORWARD

IN THE PRESENT confusion, when old treaties are gone and new treaties in the making, a forecast of international events would not only be unwise but impossible. There is not a single great power that has made up its mind how to react to the new situation. In nearly every capital alternative policies are being prepared for distinctly contradictory possibilities. A searching of hearts is going on in England and France; Germany, Italy, and Japan have paused for reflection. The United States has newly withdrawn from the international stage, leaving an empty place still to be filled. The Soviet Union broods mysteriously in her unaccustomed guise of self-sufficiency. No substitute has yet been found for the defunct Locarno Pact; the League of Nations is undergoing a crisis which may result, with equal probability, in its demise or revival.

No more can be attempted, in the circumstances, than a survey of the possibilities inherent in the present situation.

✓ In Europe, the initiative lies with Germany. She has removed the financial and military restrictions of the Versailles Treaty, but its territorial provisions remain to be tackled. If the established methods of German post-war policy are followed, she will give preference to those of her aims which can be put forward with a claim to justice and equity: the return of Danzig and the former German colonies, the closer control of Austria, and the formal separation of the League Covenant from the Versailles Treaty. Beyond these aims, there lies a vague scheme of recovery of lost provinces and new conquests which is simultaneously upheld and denied by the German Leader. Of these, the Polish "Corridor", Memel, and the Soviet Ukraine

are the most prominent. It should be noted that Germany has undertaken not to attack Poland, and has offered to sign a non-aggression pact with Lithuania (Memel), while refusing to sign a similar pact with Soviet Russia.

Meanwhile Germany is rapidly perfecting her armed forces. It is generally assumed that she will need at least another year to bring them up to war standard. In diplomacy, Germany has established friendly relations with Hungary, and to a lesser extent, with Poland and Yugoslavia. She has recently come to terms with Austria, and has entered into close diplomatic collaboration with Italy. There is a possibility—though by no means a certainty—that in certain circumstances Germany's co-operation with all or some of these powers may crystallize into an Entente which would stretch as a powerful belt across Europe from the Baltic to the Mediterranean. This grouping, of which only the nebulous outlines are yet visible, has often been referred to as a *bloc* of Fascist powers. No doubt there is a certain affinity among dictatorial governments as against democracies, but it would not do to exaggerate the importance of this community of outlook in international affairs. A common Fascist outlook did not prevent Italy, two years ago, from mobilizing her army against Germany; a profound dissimilarity of outlook did not prevent France and Italy, in 1935, from drawing close to one another; and it should be added that Italy's relations with Soviet Russia are satisfactory. Nor would England be held back by her abhorrence of dictatorships from a friendly understanding with Germany if that seemed desirable to her for international reasons. At present, at any rate, the German-Italian collaboration has not gone beyond mutual support in negotiations with the Western powers. Whether they will join hands in the future will depend entirely upon considerations of their respective foreign policies.

✓ On the other side of the picture is France, allied to Soviet Russia, and anxiously striving to invigorate her alliances with Poland and the three states of the Little Entente. Whether she will succeed will depend largely on the resilience of her financial strength and the estimate which her allies

will make of her political and military stability. It is clear that France is on the defensive. Her hegemony in Europe has disappeared, and she is now struggling to maintain a position of prominence. Her foreign policy is based, as it has been since the War, on the need to ensure her own safety against a German attack. She fears that Germany, if given a free hand to expand in Central and Eastern Europe, will make use of her gains in that quarter to return to the attack on France. For the same reason French policy is unlikely to abandon the effort to maintain friendly relations with Italy. In her heart France still believes that Germany could be turned from the path of expansion by a show of strength on the part of the Western powers, but England is not prepared to lend herself to this procedure.

Great Britain is striving to avert a hardening of the two Continental groups. For this purpose she has been playing an exceedingly complicated game: She has guaranteed the French and Belgian frontiers against a German attack; she has helped Germany to remove the fetters of the Versailles Treaty; she has tried hard and patiently to retain the friendship of Italy; and she has attempted to transform the imperfect League of the post-War years into an effective instrument of conciliation and adjustment. The game collapsed last year for lack of skill on the part of the chief player. But it must be resumed. No other Continental policy is possible for Britain. Threatened by Italy in the Mediterranean and in Africa, she must secure friendly relations with Germany. In order to gain the co-operation of France in her efforts at European conciliation she must maintain her promise to protect the Franco-German frontier against a German attack. In order to forestall a German-Italian entente she must reconcile Italy. "The British people," said Mr. Eden in a programmatic speech, "are single-minded in their desire to live in peace with the world. They believe that to found their foreign policy upon their membership of the League of Nations is the best method of doing so. It is not that we ignore the fact that there are to-day great differences between nations, but that we believe that these differences can be adjusted without resort to war." The League of Nations,

in fact, is the only agency by which Great Britain can avert a mortal crisis in Europe if she is to remain free of direct participation in Continental alignments. But it is obvious that the League can serve that purpose only if Germany is brought back into its fold. That is the immediate task of England.

If the League can be revived and transformed into a closer likeness of its original conception, it may still be possible to ward off a war. But the test of 1935 has shown that the League, even in the hour of its greatest strength, was not quite strong enough to supplant national ambitions and national policies. Its very strength was derived from the fact that its ideals coincided with British national policy; and its downfall was caused by the fact that they collided with the interests of France. If the lesson is taken to heart, the League will in future be used more as an instrument of adjustment than as a weapon for coercion. This, presumably, will be the gist of the proposals made by the British Government when the position comes to be reviewed at Geneva.

There remains the thorny problem, intimately connected with the Covenant of the League, as to the extent of future British commitments in the maintenance of the peace. Two schools of thought seem to be at issue with one another in England. One school, of which Lord Cecil is an outstanding exponent, would strengthen the coercive provisions of the League Covenant and commit England, along with all other League powers, to collective action in any part of the world. A modification of this view—generally supported by Mr. Churchill and Sir Austen Chamberlain—is contained in the proposal to retain the obligation for universal economic action by members of the League against any “aggressor state” but to limit the duty to take part in military action to Europe.

The opposite view has been most clearly expressed by Lord Lothian, who wields much influence in British foreign policy. It is based on the fact that a war for the suppression of an act of aggression is as bad as any other war. Lord Lothian, following an established British tradition, holds that precedence should be given to the removal of the *causes* of war. “And who will voluntarily agree to alter the *status*

quo after we are pledged to go to war to preserve it?" Accordingly, he suggests that British commitments should in future be limited to the defence of France and Belgium, and possibly Holland—"but that we have no military commitment of any kind in regard to the rest of Europe, or which may arise out of France's treaties with other Powers."

The poles between which British foreign policy is at present seeking its new level are these: on the one hand, firm support for France and, in the words used by Sir Samuel Hoare at Geneva, "steady and collective resistance to all acts of unprovoked aggression"; on the other hand, heavily armed isolation, retreat from collective obligations, and a Western security pact permitting Germany to adjust the balance in Central and South-Eastern Europe in her favour. In effect, the first policy is pro-French, the second pro-German. The country being about evenly divided on this issue, the Government will seek a compromise rather than make a choice.

A pro-German policy is supported by the City, which has steadily helped Germany ever since the War; by wide sections of the Conservative public, who admire Hitler, love German military prowess, and sympathize with the Nazi campaign against Bolshevism; finally by Liberal and Labour friends of the League, smarting from France's "treachery" during the sanctions crisis. A pro-French policy is favoured by those who, like Winston Churchill and Sir Austen Chamberlain, are convinced that Germany will provoke war, in spite of Hitler's promises, as soon as she is certain of British neutrality. At present the pro-French current is the weaker, but public opinion in England is remarkably unstable, and a single German indiscretion may cause the pendulum to swing over.

The cleavage of opinion is reflected in the Cabinet itself. Since Lord Londonderry was unshipped, there has been no expressly pro-German faction in the Cabinet. But Mr. Neville Chamberlain is strongly influenced by City views, Lord Halifax, now Britain's Shadow Foreign Secretary, believes in the essential goodness of all men, including the German Leader, and Mr. Baldwin always takes the line of least resistance. On the other side, Mr. Duff Cooper, whose

famous statement in Paris that "not only the ideals but the frontiers of Great Britain and France are in mortal danger, and the future of civilization depends on the two great democracies of Western Europe" was approved beforehand by Mr. Eden, is prominent among the pro-French faction. It includes Sir Samuel Hoare, an intimate friend of the Czechoslovak ex-President Masaryk, and a connoisseur of French culture. Sir John Simon and Mr. Ramsay MacDonald, though not men of strong convictions, are easily frightened by displays of German strength. The policy of rapid rearmament, which was decided on against Mr. Baldwin's hopes and desires, is evidence that reliance on Germany's good behaviour does not carry undue weight in the Cabinet.

Among the permanent staff of the Foreign Office there is a similar difference of opinion. The traditional abhorrence of continental entanglements was weakened during the last three years in favour of the policy of collective security which culminated in the "Stresa front" and the mobilization of the League against Italy. The pro-French element in the Foreign Office, by far the largest, now favours a revival of the "Stresa front" with France and Italy and a strong stand against German aggressive designs throughout Europe. On the other side are the isolationists, who would limit British obligations to Western Europe. They have been strengthened by the collapse of the collective effort. Broadly speaking, however, the Foreign Office will always maintain its ancient tradition of opposing any attempt of a Great Power to establish a hegemony on the Continent: at present that danger can come only from Germany.

As long as Mr. Baldwin remains Prime Minister and powerful currents of public opinion continue to favour Germany, Britain seems likely to follow the easier path of piecemeal compromise with Germany, hoping against hope that German expansionism in Central and Eastern Europe will not lead to war. The first objective of this policy must be to ensure the integrity and independence of the "Low Countries"—Holland, Belgium, and Northern France—which have long been deemed essential to the security of

England. But the hope that Britain will in this way escape being drawn into a continental war is an illusion. If France should be involved in war with Germany, the safety of the Low Countries is equally endangered whether the war breaks out as a result of a German attack on France or Belgium or as a result of France coming to the assistance of one of her Eastern allies. Could Britain tolerate the invasion of her continental safety belt any more if the cause were an Eastern upheaval than if Germany attacked Belgium?

The future turns on the question whether Germany can be trusted to keep her promise not to resort to war. In the words of the British questionnaire sent to Berlin on May 8th 1936: "Does Germany now consider that a point has been reached at which she can signify that she recognizes and intends to respect the existing territorial and political status of Europe, except in so far as this might be subsequently modified by free negotiation and agreement?" No answer has ever been given to that question, which still hangs over Europe as a momentous mark of interrogation. If Germany means to keep the peace, and remains capable of doing so, Britain is increasing the chances of peace by easing the pressure on Germany. If, on the other hand, Germany is either set on or drifting into war, then Britain would be doing the greatest possible disservice to Europe by refusing to support the French policy of preventive defence.

In the last resort the choice is a matter of personal faith. This much can be safely assumed: Germany, for all the bravado of Hitler's *Mein Kampf*, is not pursuing a deep-laid and clear-cut plan to burst her boundaries as soon as her strength permits. The boundless ambition of her rulers and the social and financial tension brought about by the Nazi dictatorship may, however, cause an explosion against which the pledged word of her Leader may be an insufficient barrier. The men who decide between peace and war in Germany are no fools; whatever the internal pressure, they will be guided by their estimate of external opportunities. If such opportunities are denied them—and this will depend on Britain's attitude—they may judge the odds against them too high. On the other hand, there is much to be said for a policy of

encouraging the better side of the German soul by friendliness and conciliation.

Less than ever can British policy leave the Continent alone. It must continue to strive for a conciliation of opposing national ambitions in Europe—not, perhaps, by joining the barricades against the attackers of the *status quo*, but by working for a new law in European relations. If the effort breaks down, as it will surely break down if French policy prevails, England cannot hope to stand aloof of the ultimate catastrophe.

In the Far East, the second centre of eruption, the crisis is approaching rather more slowly. Japan is advancing inexorably to carve out her Empire from the prostrate body of China. She is determined to drive the Western Powers from the entire region of the Western Pacific. She is driven forward by a mystic impulse which takes no account of financial obstacles. But she is isolated, and the danger of a war with the Soviet Union in which Japan must be uncertain of the result makes her step heavy. There may yet be time for Britain to reach an amicable compromise with Japan. If that should prove impossible, tension is bound to increase until an explosion takes place: either in the form of a Chinese national rising, or by an unexpected outbreak of Soviet-Japanese hostilities, or, again, by a sudden Japanese thrust against the strongholds of Britain and the United States. The chances are that Japan will defer her final assault until the tempest breaks in Europe. If ever Russia should be involved in war on her western frontier, Japan will be strongly tempted to attack Russia in the East. An understanding between Japan and Germany in regard to the timing of their respective plans is, indeed, widely suspected to form part of their recent "anti-Communist" pact.

Wherever we follow the volcanic belt of the political world to-day, but especially in the three most dangerous volcanoes of Central Europe, the Mediterranean, and the Far East, it is Great Britain, and she alone, who can yet prevent a disaster if it can be prevented at all. It is a noble responsibility which cannot be shirked except at the grave risk of losing the greatest Empire of all time.

POSTSCRIPT

THIS BOOK has been written very quickly from such information as a journalist long engaged in the study of international affairs may gather in the course of his daily task. The object was to provide a compressed guide to the present world crisis; and though I believe that the outline is accurate, I do not pretend that the picture is complete. Dealing with almost the whole of the political world, I was compelled to reduce the story to its essentials. And the essentials, in my view, are the national policies of the principal powers. That conviction must be my excuse for the largest omission of all: I decided to exclude a chapter on the League of Nations which was already written. Personally, I believe that a revival of the League holds out the best hope of continued peace in Europe. But whether or not the League can rise from the ashes of defeat depends entirely on the working out of national policies, and to these I have confined myself.

I have no axe to grind, no cause to plead. Throughout this book I have been guided chiefly by the journalist's traditional anxiety to make sure that events will bear him out. I was born an Austrian, brought up a German, and anglicized by many years' sojourn in England, where I found a second home and a third nationality. May I claim that the play of fortune has given me an outlook as nearly free of national prejudice as any man can attain? I should add, however, that this book is designed as a survey of world affairs as they present themselves to Great Britain.

It would not be fair to mention any books actually used during the period of writing, for the knowledge gained from hundreds of books and articles has gone into the making of my story. The quotations from *Mein Kampf* are based on the German edition. For the chapters on the Far East the publications of the Institute of Pacific Relations have been exceed-

ingly helpful. A number of journalist friends in many countries have assisted me with advice and criticism. In dealing with the conditions of South-East Europe, I have had the valuable help of Dr. E. Herrnstadt, Prague. Special thanks are due to my old friend Günther Stein, the Tokyo Correspondent of the *Financial News*, who very generously allowed me to exploit his expert knowledge of Japan. A wise Indian Mentor helped me to understand the problems of India's defence. Finally, I have drawn heavily upon the foreign news published in *The Times* and the *Manchester Guardian*.

For all the progress of publishing technique it still takes several weeks to print a book. Inevitably changes will occur in several parts of the world after the printers have taken control. However, I feel confident that the main contentions of my story will not be too quickly upset. As for details, my apology is that the world, as The Paycock says in Sean O'Casey's play, "is in a state of chassiss."

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